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Lord Greenhill:
The spies
in Washington, p14

THE TIMES

Wednesday September 7 1977

No 60,102
Price fifteen pence

Callaghan hint of autumn stimulus to expand economy

Mr Callaghan yesterday held out the hope of some kind of lasting economic stimulus by the Government this autumn. He told the Trades Union Congress at Blackpool that it would not be just a pre-election sprint to deceive the electorate and he assured the delegates that the period of declining British living standards was at an end. The Prime Minister emphasized, however, that pay settlements must not be allowed to increase the wage bill by more than 10 per cent.

'End of decline in living standards'

From Paul Routledge
Labour Editor
Blackpool
The Prime Minister was given a standing ovation by many delegates yesterday after he appealed to the Trades Union Congress at Blackpool to moderate wage settlements for another year. Although he said nothing new, his half-hour intervention was generally regarded as a success. Delegates are expected to adopt a limited form of pay restraint today.

Mr Callaghan emphasized the Government's desire to continue cooperation with the unions and expressed Cabinet support for the "broad thrust" of the TUC-Labour Party liaison committee agreement designed to hold the two wings of the Labour movement together beyond the next election.

Cooperation between the Government and the trade union movement must not be allowed to come to an end or wither away, he said. "You have responsibilities and the Government has its responsibilities. Each of us must and will carry them out. But neither can succeed if there is confrontation. We shall both lose."

Speaking the day after the TUC had been split over the proposed expulsion of its largest affiliate, the Transport and General Workers' Union, the Prime Minister took union as his main theme.

Mr. Barney Hayhoe, MP for Hove, and Mr. George Ward, Minister of Employment, who observed Mr Callaghan's address from the visitors' balcony, described it as "straight talking" and suggested that he might have been speaking over the heads of the unions to reassure the financial community at home and abroad that the Government was determined to do everything in its power to prevent a wage explosion, whatever the outcome of today's debate.

Union militants intent on abandoning the last relics of the incomes policy dismissed the speech as "platitudes we have heard before". Admitting that the last 12 months of the counter-inflation strategy had not been anything like as successful as the previous year, Mr Callaghan exonerated the unions from

blame. It had been due to sterling difficulties, and the nation was not at the end of an era of tight pay controls, he said. He confessed he would like to have had a third year of the social contract, but "I am told it is not on", he said to laughter.

But he was adamant that the Chancellor's 10 per cent limit on the nation's wage bill during the next year had to be observed, and the Government would not be satisfied until the rate of inflation came down to 10 per cent and stayed there.

Given reasonable wage settlements in industry, the Prime Minister held out a tantalizing prospect of gradual economic expansion, and that is specifically demanded in today's restraint composite motion on pay, which has the support of the TUC General Council. He declined to elaborate on what kind of economic stimulus he would introduce, or when, but said: "I certainly do not rule out measures this autumn."

It would be a lasting stimulus, not like the boom of 1973, which came to an end in nine months, he said. "You have a pre-election sprint to try to deceive the electorate", he promised.

Looking confident and assured, he went on: "The period of reduction of living standards is now at an end. Their will be no further reduction in our standard of living because we have worked our way through that particular situation."

The front bench of the general council, sat mostly poker-faced through this mixture of promises and warnings, coming to his only when he read through the familiar list of legislative achievements since Labour took office three and a half years ago. Sporting a congress badge, Mr Callaghan drew applause from Mr Jack Jones when he said: "There is no short cut to our objectives, but there is a road. The question is whether we have the guts and stamina to stick to it."

Today it is the turn of Mr Callaghan's critics who do not share his confident prediction that 1977 could be a watershed year to break out of the declining spiral for Britain. The Cabinet's strategy on unemployment will be attacked, and while the pay motion embodying the 12-month rule is expected to gain a majority, it cannot be on anything like the scale of the last two years.

Jeers and boos: Members of the Right to Work campaign, who figured in scenes involving Mr Joseph Gormley, president of the National Union of Mine-workers, on Monday, picketed the entrance to the Congress hall and the Prime Minister was forced to leave by a side door (the Press Association reports). He was jeered and booed. The police held back demonstrators, but some tried to break through the cordon, shouting "Down with Callaghan!"

No relaxation on Grunwick: The TUC decided to intensify its campaign against the Grunwick film processing company after it had been condemned from the rostrum (our Labour Staff writes). A short emotional debate left the company in no doubt that the union movement has no intention of relaxing its grip. After 54 weeks, Mr Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff (APCCS), admitted that picketing would not stop the company from operating.

"What we want now is a more precise cutting edge", he said. The general council will next week convene meetings between Apex and other unions to discuss how Mr George Ward, the company's managing director, can be forced to accept the recommendations of the Scarman court of inquiry.

One suggestion is that the unions should cut off the company's essential supplies, but their freedom to act in that way is limited by legal and social considerations. The TUC has received promises from the International Confederation of Free Trade Unions that it will try to end overseas contracts held by Grunwick.



Competitors wearing protective clothing for the British Monopoly championships, which opened on the nuclear reactor pile at Oldbury-on-Severn power station, near Bristol.

Alarm in W Germany over Schleyer kidnap

From Patricia Clough
Bonn, Sept 6
West Germans waited anxiously today for news of Herr Hans-Martin Schleyer, the head of the Industries' Federation kidnaped last night. His chauffeur and his three-man security escort were machine-gunned to death as five guerrillas ambushed the party at a Cologne crossroads.

Herr Kurt Rebmann, the federal prosecutor, announced that two people had been detained as police and the security forces scoured the country. He refused to identify them.

No demands had been received from the kidnappers, he told a press conference. A letter from the kidnappers, which merely warned investigators to give up their search. Anonymous telephone calls to the press demanding that jailed terrorists be freed were being regarded as false.

Nevertheless, the release of the Baader-Meinhof group's leaders is thought to be the most likely object of the kidnapping, as bank robberies have left the guerrillas with ample funds. It has been suggested that the jailed terrorists gave up their long hunger strike with the kidnapping in mind. Many were becoming too weak and ill to be released.

The country received the news of the attack with alarm since the terrorists now appear to have set their sights on private citizens in the business and finance world. Solemn

Talks fail to resolve Beaverbrook dispute

By Peter Godfrey
London

London editions of the Daily Express failed to appear today for the third consecutive day and all copies of the London Evening Standard, which is also owned by Beaverbrook Newspapers, were again lost yesterday.

Talks were being held last night between the management of Beaverbrook and representatives of 160 printing workers, whose dismissal prompted the dispute, and the company is trying to minimize its effects by printing more than a million extra copies of the Daily Express in Manchester and distributing them throughout the Midlands and the South, using vans supplied by private contractors.

A refusal to handle the extra copies printed in Manchester led to the dismissal last night of 240 Beaverbrook workhousemen in London, members of the Society of Graphical and Allied Trades (Sogat). Two cars were then found damaged in the directors' car park and a fire door was pushed in at the group's premises in Fleet Street.

It became apparent yesterday that little progress was being made over the case of the printing workers, members of the Amalgamated Union of Engineering Workers, who were deemed to have dismissed themselves after holding a union meeting on Saturday. "We feel the situation is too delicate for people to take views one way or the other at his stage", a senior manager said.

The AUEW office branch at Beaverbrook met printing union officials from other national newspapers last night to seek support in their demand for their members to be reinstated. Mr Victor Matthews, chairman of the group, is thought to have offered to take back all the workers with the exception of union officials, but that proved unacceptable to the union.

"If there was an olive branch being held out by the management we would take it", an AUEW official said. "But it is unthinkable that the company should take back only some of our members, and we are also very concerned, along with other unions, about extra copies of the Daily Express being printed in Manchester."

The official denied that the main cause of the dispute had been what Mrs Jocelyn Stevens, managing director of Beaverbrook, termed a monstrous pay claim.

"It was a monstrous statement", the official said. "We are asking for the restoration of differentials which have been eroded, and partly with higher wages, but we do not expect a solution overnight." He added that the AUEW envisaged a period of three

Continued on page 2, col 3

Imported cars take more than 50pc slice of domestic markets

By Maurice Cortina
Industrial Editor

For the first time in the history of the British motor industry, sales of imported cars have exceeded those for home-produced vehicles. Last month, a peak period for demand because of the new "S" registration plates, importers provided 101,673 cars, equal to 50.76 per cent of total sales.

In the first 8 months of 1977, the importers' share was 44.5 per cent compared with 36.14 per cent in the same period last year. This increased penetration was achieved at a time when total market sales were 2.86 per cent up on 360,915 cars for the eight month period.

In the early sixties, imported cars held only 5 per cent of United Kingdom market sales as measured by registrations. The battle for sales in August was critical for, at 300,310 cars, the total registrations were nearly 10.3 per cent higher than August last year and this one month's supply represented nearly a quarter of all sales so far this year.

It was a cold comfort that British Leyland in August retained market leadership with 25.3 per cent of last month's sales, followed by Ford at 18 per cent, and Vauxhall with just over 9 per cent.

The Society of Motor Manufacturers and Traders said yesterday: "The big rise in imported car sales was widely anticipated at a time when many of the most popular British cars were in short supply following disputes and the annual works slowdowns. British Leyland said: 'We just did not have the stocks to take our share up towards 30 per cent.' A sales target for August of 50,000 had, however, been met."

The leading importer was Datsun, which secured 8.4 per cent of the August sales—some 2.4 per cent better than Chrysler. Datsun, supplied by Nissan of Japan, has now introduced a dealer rationing system in order to honour its obligations for voluntary restraint on sales levels in 1977. Fiat raised

August sales by 87.2 per cent on August 1976. Last month's returns show that Fiat secured 5.9 per cent of the British market, followed by Ford, which brings cars from Germany, at 5.2 per cent. Renault sales were equal to 4.7 per cent, and the VW/Audi share was 3.9 per cent.

The figures show that imports of cars built in Europe by the big four manufacturers—vehicles such as Vauxhall's Cavalier, Ford's Granada, and more recently the Leyland Allegro built in Belgium—accounted for one tenth of total sales.

This highlights the developing integration of the European car-making industry, both in component supply and market sourcing of complete and part-assembled vehicles.

Nonetheless, there is no doubt that sustained domestic production is badly needed to build up dealers stocks of British-made vehicles and to restore customer confidence. August is the month when private car buyers express their choices. Both Ford and Leyland have clearly missed certain sales in an expanding market which they would otherwise have made if production rates had been held at critical times in the chain of supply.

The surge in car imports, while disappointing, still needs to be kept in some perspective. In the first half of this year, the British motor industry exported products other than cars and commercial vehicles worth £1,282m. Car and truck exports were worth another £713m. Original British equipment for foreign vehicles is in high demand.

At the domestic car factories of Ford, Vauxhall, Leyland and Chrysler are deeply engaged in new investment programmes to meet future sales in home and export markets.

Meanwhile, separate figures released yesterday by the Department of Industry show that provisional estimates of car production in Britain in the period June to August, 1977 was some 14 per cent down on March to May, 1977, allowing for seasonal factors.

Angry women jostle Lucas strike leaders

By Clifford Webb
Lucas shop stewards yesterday voted to continue the nine weeks old toolmakers' strike which is causing chaos throughout the motor industry.

As they left the meeting in Birmingham policemen had to escort them through a crowd of angry, banner waving women demanding a return to work.

The women, who are among the 2,500 laid off at 14 Lucas factories in the Midlands, pushed and jostled the stewards as they emerged. A large woman leading the protest screamed: "Let's get the bastards. They are all bloody Commies out to smash Lucas."

In a calmer moment, she pointed out that the shop stewards had held their meeting in a clubroom above the local Communist Party bookshop.

At a press conference later, the stewards were questioned about the choice of premises associated with the Communist Party. Mr Ron Morris, secretary of the toolmakers' committee, said: "It is simply a question of economics. This is the cheapest room we can get—and it has a bar."

He admitted, however, that as the strike had been made official by the Amalgamated Union of Engineering Workers, the shop stewards could get free accommodation in the union's regional headquarters only 200 yards away.

There seems to be no weakening in the shop stewards' determination to continue Lucas's longest running strike until management meet their full demands for a 13-a-week increase in bonus payments.

Mr Michael Towey, committee chairman, said: "We are unanimous in our determination to stay out as long as it takes."

Mr Towey said the committee had rejected a demand from the women for a secret ballot of all the 1,200 toolmakers on strike because "that is the traditional way we do things". Neither would he call a mass meeting until he had something new to report to members.

Leyland rundown, page 17

Power strike fails to stop supply

By Roger Violevoe
Energy Correspondent

Unofficial strike action by power station workers, mainly in the North and the Midlands, failed to disrupt electricity supplies yesterday.

Small voltage reduction had to be made during the lunchtime and evening peaks, mainly in the North, but the cuts generally passed unnoticed. There were no blackouts.

The 48-hour stoppage, in support of a claim for cheap electricity, free travel to and from work, and higher shift allowances, is due to continue throughout today. Support for the strike was not as widespread as had been expected.

An official of the Electricity Council said it was impossible to estimate how many men had stayed away from work. He added that conservation in homes and industry had helped to reduce demand. The council hoped there would be nothing worse than minor voltage reductions today.

In the North, three of the largest coal fired stations in the country, Eggbrook, Drax, and Ferrybridge C, were closed, and the nuclear power station at Trawsfynydd, in North Wales, was not operating. In the Midlands 10 power stations out of 18 were not working.

Strike leaders yesterday blamed "strike-breaking" by members of the Electrical Power Engineers Union for the failure to interrupt supplies. They were running units at most power stations, strikers alleged.

"At the present time we have to accept this, and no decision has been made to stop up industrial action," a strike leader said. "We had expected that the engineers would only maintain emergency supplies. They are working to maintain the load to meet demand."

Violence on TV blamed for boys' behaviour

Evidence showed that long-term exposure to television violence increased the degree to which adolescent boys engaged in violent behaviour, Dr William Belson, of North East London Polytechnic, told the British Association. His findings are being studied by television chiefs in Britain and America.

He said that although offences were widely spread they tended to be committed more by children with working class backgrounds. Parents should have the courage to veto those programmes they thought harmful.

Heathrow Tube link

The £30m tube extension from London to Heathrow will open in December. The line is expected to carry about 11 million passengers each year. There will be no night trains however, and airlines will have to continue to provide coaches in the early hours.

Dr Owen's man barred

The barrister appointed by the Foreign Secretary to investigate the supply of oil to Rhodesia has been barred from Zambia. Apparently the Zambians regard the investigation as an excuse for evading action against the international oil companies.

Protest to minister - on M1 route

In a letter to Mr Rodgers, Secretary of State for Transport, criticizing his choice of a new route for the M1 in Yorkshire, the Yorkshire and Humberside Economic Planning Council accuses him of preferring short-term expediency and easy popularity to the area's longer-term interests and elected bodies wishes.

Mr Lance 'to resign'

Budget Director, is expected to resign despite his denial yesterday. He is going to be the second major casualty of the Carter Administration, and the only question is how his resignation will be handled.

437 pubs in £11m swap

Three of Britain's brewers yesterday arranged their biggest-ever swap of pubs. £11m are to be exchanged among Allied Breweries, Bass Charrington and Courage, the Imperial Group subsidiary.

Love and attraction: Psychologists

gathered in Swansea are discussing, with due gravity and jargon, mankind's ruling passion.

Censor chosen: Mr John Trevelyan, former secretary of the British Board of film censors, is to head a new board of control over pornographic publications.

Republic of Korea: An eight-page Special Report on South Korea's latest five-year plan.

On other pages

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Letters; on authors' earnings, from Mr David Hughes; and others; and on the white Rhodesians, from Brigadier Lord Buller.

Features, pages 7, 14
John Godfrey on controlling fishing while there are still fish to catch; John Pudney guest column.

Arts, page 10
Stanley Sadie at the Santa Fe Opera; Jean-Claude Auclair talks to John Higgins about La Bohème; Stanley Reynolds on Other Voices; BBC 21; John Percival on Scheherazade (Festival Hall).

Sport, pages 10-11
Football: Six Liverpool players in England team; Cricket: John Woodcock on decisive matches in county championship; Tennis: Virginia Wade in last eight at Forest Hills.

Business News, pages 12-23
Stock markets: Shares went further ahead and the FT index closed 6.3 up at 525.8. Long gilts gained 12.

Financial Editor: Autumn in the gilt market; Costain deals with the dividend problem; BOC's £40m rights for the future.

Business features: Frank Vogt on the battle for passengers on the north Atlantic air routes between Laker and the principal airlines.

Business Diary: Mr Benn pours oil on Blackpool's troubled waters.

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HOME NEWS

Provisional IRA start campaign of armed robberies in republic

From Christopher Walker
Dublin

Units of the Provisional IRA are believed to have launched a new campaign of armed robberies in the Republic of Ireland in an effort to make up for the supply of funds from sympathizers in the United States.

The latest and most serious of the recent armed raids in the rugged and isolated north-west of the country occurred yesterday when 12 gunmen in combat uniforms attacked a bank in a small town in Sligo. They escaped with at least £50,000 in banknotes and registered packages but last night Irish police recovered nearly £50,000. It was found among mail discarded by the thieves at Sligo, Leitrim. Unlike its practice in Northern Ireland, the Provisional IRA rarely admits responsibility for attacks carried out south of the border. But it is thought that yesterday's carefully planned hijacking of two post office vehicles, a police car and a van belonging to the state-owned transport company was carried out on orders from the organizations' leaders.

The Sligo raid took place shortly before the Cabinet was due to meet in Dublin. High on the agenda was the discussion of other violent incidents in the same area, which had led to renewed calls for the arming of the Irish police.

Among recent operations that are thought to have been the work of IRA units in the north-west have been attacks on two police stations and the shooting of police officers after a bank raid.

British Army sources have said recently that the Provisionals are running short of both cash and explosives. That is considered to be one reason for the comparative lull, which has led to a steep decline in the official figures for violence in Northern Ireland, compared with those for 1976.

Two main reasons are held to account for the recent cen-

tration of armed raids in the republic's north-western corner. The district provides easy access to Provisional units based in Londonderry, and the seasonal crowds of summer holiday-makers make it easy for strangers to move undetected.

Throughout yesterday Irish troops and police, some with sub-machine guns, conducted one of the biggest searches seen in the public in an effort to track down the gang responsible for the attack on the mail convoy.

It occurred early in the morning as the convoy was driving slowly out of Sligo station after collecting mail from the Dublin train. The masked gunmen jumped over a wall and stopped the vehicles.

The windows of the police parcel car escorting the convoy were smashed with revolver bullets and two policemen and a sergeant were dragged out. One of the policemen was tied to a tree and another was left lying near by.

Similar treatment was given to drivers of the three vehicles. The gang drove off in all four vehicles involved northwards, in the general direction of the border, about twenty miles away.

The Irish security forces later discovered the three vans dumped in different parts of the countryside with their contents of mail bags and registered parcels missing.

The raiders are believed to have been acting on inside information about the convoy's route. Nevertheless they missed another large consignment of social security payments which was due for distribution from the Sligo depot later in the day.

It was thought in Dublin last night that cash from the raid might be used to finance a resurgence of Provisional IRA violence during the winter. There have been repeated suggestions in republican circles that a militant section of the IRA leadership is pushing to launch a further bombing and shooting campaign on the British mainland.

Admission over Belfast fire bombs

From Our Correspondent
Belfast

The Provisional IRA yesterday admitted responsibility for planting fire bombs in the centre of Belfast which destroyed one shop and damaged four others on Monday night.

The attack was said to be in reply to a statement by Mr Mason, the Secretary of State, in which he said that the number of bombings was decreasing, a Provisional statement said, "was irrelevant since our fire bombs are inflicting far greater costs on the British Treasury."

The alert began just after 11 o'clock. Three boutiques and a bookshop were among the targets.

Bernard McDonagh, a Republican Club representative on Belfast City Council, was released on bail of £1,500 in Belfast yesterday, where he appeared on charges of possessing 15 detonators and a quantity of fertilizer. Mr McDonagh, aged 40, was arrested last month. A lawyer told the court that the articles were found, was used by a number of organizations and not solely by Mr McDonagh.

Three men jailed over barman's kidnapping

From Our Correspondent
Belfast

Three men involved in the kidnapping at gunpoint of Mr John Gilmore, aged 25, a Belfast bar manager, last November, were jailed at Belfast City Commission yesterday.

The court was told that Mr Gilmore had been ordered to write a cheque for £25,000 before being driven to a house in Bangor, Co. Down, 13 miles away. He was tied to a bed in the house for nine hours but escaped through a window.

John Casement, aged 36, of Belfast, who admitted kidnapping, was jailed for 15 years; Samuel Gray, aged 38, of Newtownabbey, who admitted a charge of false imprisonment, was jailed for 10 years; and John McCracken, aged 40, who secured the house in Bangor where Mr Gilmore was held, was jailed for eight years. He admitted possessing explosives found in the house.

Dublin claim queried

From Our Correspondent
Dublin

The Bishop of Kilmore and Elphin and Ardagh, Dr Moore, called at a Church of Ireland Synod at Cavan yesterday for a fresh look at the republic's territorial claim on Northern Ireland.

He was commenting on the policy statement published by the Labour Party national executive on Monday proposing a large-scale extension of public ownership in the industry, including the setting up of a national construction corporation which would take into public ownership one or two of the leading contractors to compete in the national and regional construction markets.

Labour building plan 'would kill firms'

By Our Political Correspondent

Labour's plans for the construction industry, likely to be endorsed by the party conference in Brighton in October, would lead to the destruction of many thousands of small and medium-sized building firms, Mr Keith Speed, opposition frontbencher spokesman on the building industry, said yesterday.

He was commenting on the policy statement published by the Labour Party national executive on Monday proposing a large-scale extension of public ownership in the industry, including the setting up of a national construction corporation which would take into public ownership one or two of the leading contractors to compete in the national and regional construction markets.

Mr Speed said yesterday that the Labour NEC had ignored the illness, but had put forward a cure that would kill the patient.

The policy will almost certainly get the conference's backing, but the Government will be powerless to make any progress because the Labour legislation in Parliament would be blocked by the Liberals.

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International conference on love and attraction begins deliberations

Psycho-folk's fancy turns to the reciprocity of amorous feeling

From Trevor Fishlock
Swansea

Barbara Cartland, you should be in Swansea at this hour. That dreamy, honey-fed, borne-an-gossamer-wings feeling that your heroines know as love is laid out naked on the couch for the inspection of 200 psychologists and other psycho-people and 40 members of the world's press in their capacity of guardians of the public interest.

The head-shrinking lesson has been in from 12 countries to debate what happens when sweet meets girl. They whisper sweet nothings to each other in their dreadful jargon, psycho-ese. They do not talk of love, but of amorance, which they define as the cognitive-affective state characterized by intrusive and obsessive fantasizing concerning reciprocity of amorous feeling by the object of the amorance, or OA.

The delegates have gathered for the first international conference on love and attraction. They feel that the development of work on aspects of human sexuality requires a great coming of notes. After all, almost everyone is interested in love and sex to some extent, and the waiting rooms, bed-sitters and agony columns are full of people with love and sex troubles.

In pushing back the frontiers of science the psycho-folk leave no cranny unexplored. Thus they are hearing talks on "personality characteristics of the average rubber fetishist," a consumer's view of sex therapy, and "seductive behavior in hospitalized persons," which concludes that sexual expression is curtailed when a person enters hospital.

Some delegates are especially looking forward to a talk on unmarried cohabitation in Sweden and mate selection in Holland.

The conference is getting extra publicity because lectures on paedophilia have been closed to the press at the request of the Home Office and the British Psychological Society, and because the conference was visited yesterday by Mr Tom O'Carroll, leader of the Paedophile Information Exchange.

He said he wanted only to learn about the latest research into paedophilia, but porters at University College, Swansea, would withdraw some of their services today if Mr O'Carroll did not leave.

The Welsh regional branch of the British Psychological Society, which is sponsoring the conference, has cornered the market in fascinating international conferences, which is presumably good psychology. Last year there was one on humour and one on sex roles. Next year there will be an international conference on the study of memory.

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Makeshift 'Standard' is published

Continued from page 1

years in which parity should be reached.

An effort to overcome some of the effects of the dispute was made by journalists at the Evening Standard. They produced 3,000 copies of a duplicate 12-page substitute news-sheet and distributed them free a railway and Underground stations.

"The journalists have been gathering and writing material as usual, and this was to show that we are still alive and kicking," Mr Simon Jenkins, editor of the Evening Standard, who financed the enterprise, said. He added that producing the makeshift paper was neither meant as strike-breaking nor as an act of defiance against the management.

There was jubilation in the news room as the pages were first stapled together by reporters, sub-editors and secretaries.

The main report was about Mr Callaghan's appeal to the TUC to be more patient over pay restraint.

Mr Christopher Wood, the chief sub-editor, said he had opposed the decision to produce the makeshift edition because in terms of what one normally does it is pretty poor. But it is like all things; once you decide to do something you get down and do it.

Mr Matthews said he left Beaverbrook's offices last night that there had been no change in the situation. He would not say whether he saw any prospect of a settlement.

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London Country buses seek rise of a fifth in fares

By Our Transport Correspondent

Fares on London Country buses in the Home Counties will go up by a fifth in rural areas and about 14 per cent in urban areas next month if the traffic commissioners approve.

The actual rises will be from 12p to 15p for single journeys, or 2p to 3p for returns.

It is the second fare rise this year (they went up by 10 to 15 per cent in January) and arises from a combination of higher operating costs, falling revenue on some routes, and the need to reach a target of 15 per cent in January.

County councils, such as Kent, Essex, Hertfordshire and Surrey, were asked to contribute £3.5m to keep services going this year, but actually agreed to less than £2m.

The exception in the Greater London Council, which paid up, and the area will not therefore suffer fare rises. There was a similar rise in July with London Transport bus and Tube fares which rose by about 15 per cent within London, and up to a half outside.

In Kent, where the county council agreed to pay only a third of the £600,000 subsidy asked for, sharp fare rises will be accompanied by a substantial pruning of services, especially in rural areas.

Losses on the London County network are running at more than £2m a year. Fares are planned to rise in six weeks' time after a hearing of the traffic commissioners on October 6.

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Protest to minister over M1 decision

By Michael Barry
Transport Correspondent

A remarkable attack on Mr Rodgers, Secretary of State for Transport, for his recent choice of a new route for the M1 in Yorkshire was made by the Yorkshire and Humberside Economic Planning Council yesterday.

In a letter to Mr Rodgers the council's chairman, Mr Bernard Cotton, accused him of going against the principles of his recent White Paper in choosing a route for reasons, in effect, of short-term expediency and popularity rather than the longer term interests of the area and the wishes of the elected bodies within it.

The proposed route connects the M1 at Leeds with the A1 between Doncaster and York, and by linking these two vital arteries will relieve urban congestion in West Yorkshire and speed industrial goods between M, the Midlands, and the North-east.

The department announced in July its choice of a 36-mile route east Leeds to Wetherby (estimated in 1975 to cost £62m) rather than a 42-mile route (£80m) via Leeds, Harrogate, Knaresborough and Ripon.

Work is scheduled to start in 1979, for completion in the mid-1980s.

Mr Cotton admits that the chosen route will be cheaper and quicker to build and will therefore ease congestion in Leeds sooner. But it will be no help to economic development in the Bradford area, where such help is badly needed, he says, nor will it ease congestion in Harrogate, Knaresborough, and Ripon.

The chosen route would impose longer journeys, burning more fuel, would add traffic to an already overloaded part of the A1, and would take more high-quality agricultural land.

The department seemed to have taken more note of local pressure groups, which were unlikely to take a long-term balanced look at the broader aspects of strategic road construction policies, than of democratically elected local authorities, and of regional planning councils, Mr Cotton declares.

The department said last night that the westerly route would have damaged the Wharfe and Crimpey valleys, and encroached on the remaining open space between Leeds and Bradford.

Four routes had been considered, two east of Leeds and Knaresborough and Ripon, two west. From questionnaires and submissions the easterly route had been preferred in the proportion of two to one.

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Lord Grade
Chairman and Chief Executive.

Associated Television Corporation Limited

Sales to Television in the UNITED STATES
from January 1st to August 31st 1977
over 100 million dollars.

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NEW YORK, NEW YORK 10004

September 1, 1977

Lord Grade
Chairman of the Board
ITC Entertainment, Inc.
c/o Associated Television
Corporation, Ltd.
ATV House
17 Great Cumberland Place
London W1A, 1AG
England

Dear Lord Grade:

You have asked us to express an opinion on the gross amount of contracts written and letters of agreement entered into by ITC Entertainment, Inc. during the period from January 1, 1977 through August 31, 1977 for the exhibition of feature films and/or series in the United States of America by television stations and television networks. These contracts or letters of agreement do not involve any amount which would relate to theatrical motion picture exhibition.

You have informed us that the amount of such contracts entered into and letters of agreement signed during the above-mentioned period is at least \$100,000,000. Further, we have performed the following procedures with respect to such contracts and letters presented to us:

- Read a representative number of such contracts and letters.
- Proved the arithmetic accuracy of the total of such contracts and letters.
- Confirmed with the television stations and television networks the existence, amount and date of a representative number of such contracts and letters.

In our opinion, ITC Entertainment, Inc. has, during the period from January 1, 1977 through August 31, 1977, written contracts or signed letters of agreement in the amount of at least \$100,000,000 for the exhibition of feature films and/or series in the United States of America by television stations and television networks.

Yours truly,

Haskins & Sells

During the same period we have also sold for Television in the following countries:

ABUDHABI	BOLIVIA	DOMINICAN	GHANA	IRAQ	LIBERIA	NICARAGUA	RUMANIA	SYRIA
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ALGERIA	BRUNEI	DUBAI	GREECE	ITALY	MALAYSIA	NORWAY	SIERRA LEONE	THAILAND
ANTIGUA	BULGARIA	EGYPT	GUATEMALA	IVORY COAST	MALTA	PANAMA	SINGAPORE	TRINIDAD
ARGENTINA	CANADA (ENGLISH)	EIRE	HAITI (FRENCH)	JAMAICA	MAURITIUS	PHILIPPINES	SOUTH AFRICA	TUNISIA
AUSTRIA	CANADA (FRENCH)	EL SALVADOR	HOLLAND	JAPAN	MEXICO	PAKISTAN	SPAIN	TURKEY
AUSTRALIA	CHILE	ETHIOPIA	HONDURAS	JORDAN	MONTE CARLO	PARAGUAY	ST. KITTS	URUGUAY
BAHAMAS	COLOMBIA	ECUADOR	HONG KONG	KENYA	MOROCCO	PERU	ST. LUCIA	VENEZUELA
BAHRAIN	COSTA RICA	FINLAND	HUNGARY	KOREA	MUSCAT & OMAN	POLAND	SUDAN	YUGOSLAVIA
BANGLADESH	CYPRUS	FRANCE	ICELAND	KUWAIT	NETHERLAND	PORTUGAL	SURINAME	ZAIRE
BELGIUM	CZECHOSLOVAKIA	GERMANY EAST	INDONESIA	LEBANON	- ANTILLES	PUERTO RICO	SWEDEN	ZAMBIA
BERMUDA	DENMARK	GERMANY WEST	IRAN		NEW ZEALAND	QATAR	SWITZERLAND	ZANZIBAR



Associated Television Corporation Limited
17 Great Cumberland Place London W1A 1AG

TUC/BLACKPOOL

Prime Minister says Britain has best chance since the war to break declining spiral

Reports by John Winder, Geoffrey Browning and Stephen Goodwin, of our parliamentary staff.

The stakes were high and so was the price, but Britain had the best chance since the end of the war to make this year a watershed to break the declining spiral for which all were responsible, Mr Callaghan told the congress.

The Prime Minister's speech, lasting nearly half an hour, was received with few interruptions and ended with a standing ovation. Mr Callaghan said he wanted to discuss the Government's attitude towards pay, inflation and unemployment, and the prospects for the country for the rest of 1977 and 1978 in their standard of life, together with the prospects for stimulus to the economy. He continued: "Whatever happens here, there will be no lessening of the need for the closest co-operation between the trade union movement and the Labour Government. Two years ago you endorsed the decision to limit collective bargaining to a fixed sum and for a fixed period. You did it although you knew better than anybody, better than anybody who is not doing wage negotiations, that such a decision would be fraught with difficulties and create anomalies, which it has done."

You did it because there was a ceaseless round of price increases taking place, not month after month, but week after week, in the supermarkets the trolleys were being changed almost as soon as they had been fixed (shouts of agreement). "We have gone to the point where we have a report considerable progress on that front."

As a result of the first 12 months of your decision, inflation was halved and the rate of increases in prices was halved; that was a great gain. Twelve months ago you took a similar decision. Although by that time the difficulties were intensified, you similarly agreed to suspend another situation in which you decided not to press your wage claims. You accepted and put up with the difficulties and intensification of this past 12 months during which you have done this has not been anything like the last 12 months. That is nothing to do with your failure to honour the agreement. It has affected the attitude of many of your members towards a third year and that is why we are

faced with a situation today which I fully recognize and accept, but regret.

The results of your decision a year ago were delayed for several months, basically because of the great pressure on sterling in the autumn of 1976. They were delayed because a run on sterling took place at a time when we did not have the reserves to resist the strength to over ride it. What you did and decided a year ago did not have the benefit in the past 12 months that the Government intended it to have, or has it would have had without the decline in sterling. The pain you made then has not been for ever; it was delayed. I regret its delay and think the conference might have been taking place in a rather different atmosphere if it had not been delayed. The rate of inflation is going down, delayed by several months, but it is going down fast. Because it is going down fast we are able to come to you and say what we think can be the future of this particular relationship between us."

I want to express sincere thanks for the maturity and self discipline with which you accepted and put up with the difficulties that were without statute and sanction. It was a democratic decision by this movement and I thank you for it. I would have liked a third year, but not right, I am not sure it is not on, but other things will not be on either and that is the situation that the movement was a whole new discussion. We believe that I still believe, that despite all the difficulties a combination of moderate earnings increases and restraint on the part of the best way to safeguard the interests of your members. Some may not believe it but that is the situation that we are in because this is a democracy. I recognize the problems the trade union negotiators have got but that does not mean that the responsibility to continue to point out what is the best way forward, and that is what I intend to do. The best way forward is to prevent inflation from turning up once more back to the levels of 25 per cent to 30 per cent and to prevent further increases in unemployment. It is moderate wage settlements during 1977-78.

You decided to return to a system of free collective bargaining. We had got to consider the situation. I was brought up to believe that free collective bargaining was the milk of the gospel. The best way forward was to go into the witness box today, having watched its operation over many years, influenced its operation and its results. I could not with honesty

declare that it produced either justice for the weak or fairness between different groups.

Free collective bargaining is a little like democracy, it is not a very good system but nobody has yet thought of a better one. Under the free collective bargaining system the tide is to the swift; the lion's share goes to the lion.

Arguably, spare me from the double talk of those who would argue that free collective bargaining with grossly inflated wage settlements is going to produce more jobs or more socialism in our society. Do not let anybody pretend to me that it produces equality or social justice. It does not (applause).

The Prime Minister said that one of the advantages of free collective bargaining was that it had the merit of flexibility, the merit of being able to differentiate if it was allowed to operate. He agreed that there was an important case for flexibility, but flexibility implied that differentials would be allowed to grow. That could not have inflexible flexibility.

If they got into a situation in which as a result of one excessive claim and settlement others were used that to make a back and leapfrog over there was nothing the Government could do to stop them from doing it. The Chancellor of the Exchequer had to be prepared to contain inflation to a level of 10 per cent.

Ten per cent inflation was nothing wonderful, it was something to write home about. Although it would be a great improvement, although that was what they could do, what they could achieve and maintain. If wage settlements got gross out of proportion they would not do it, inflation would be higher jobs would be lost.

There had been a lot of improvement but there was a long way to go. Another advantage of moderate wage settlements was that because of the lower inflation rate the Government would be able to offer a different level of stimulus to the economy. They had overcome inflation to the point where the Government could begin to look at how they could stimulate the economy. The debate, as he read it in the papers, was not about whether but about when.

What extent there could be flexibility in cases of outstanding unemployment would depend on what wage settlements there were. It was to allow differentials between various groups. The Government had got all the economic factors to consider. It had got to consider the situation. It was the best level that would produce more jobs, competitive prices overseas and fewer price rises as well.

If there were settlements that were outrageously high then, whatever the Government's policy, inflation would shoot up or more



Union leaders (from left): Mr Roy Grantham, Mr Tom Jackson and Mr Len Murray addressing the congress.

jobs would be lost or it would be a combination of both. The Prime Minister said it was his strong conviction that anything above the kind of level that the Chancellor of the Exchequer had to be prepared to contain inflation to a level of 10 per cent.

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Those factors would be taken into account in considering what kind of stimulus should be given and when it could be given. He did not rule out measures this autumn. He continued: "But when we do so, I want the stimulus to be a lasting stimulus, neither the kind of intensive burst we had in 1973, which came to an end in nine months, nor do I want a proleptic spring to try to deceive the electorate."

We intend to have a steady rate of expansion that can be sustained both before a general election and in the years after a general election. As a result of what trade unionists have done during the past two years the period of a reduction of living standards and of uncertainty in which the country has been living is now at an end.

There need be and there will be no further reductions in the standard of living, because we have worked our way through that particular situation. What you cannot do is to seek to recover the losses of the past two years. What we can do is to build on the present stability we have got. That is the way we will begin to look forward to a steady improvement in our standards as a nation.

Mr Callaghan said the week's discussions and the irritation that was felt, which he fully understood, was the last of its kind. The era of cooperation between the Government and the trade union movement must not be allowed to come to an end or to

wither away. You have your responsibility and the Government has its. Neither can succeed if there is confrontation. Then we shall both lose. Our differences are not incompatible with our agreements. Our unity is more important than our disagreements. The Government will continue to seek the cooperation of the trade union movement in the period during which it has responsibility for its affairs and whatever we can.

The document The Next Three Years and into the Eighties had been drawn up with that intention and set a path for the coming years. It looked beyond the next election. The Government accepted the broad thrust of policy in the document on matters such as the need for expansion, the urgent call for more jobs and the need to keep prices down and to seek new investments and growing social justice.

It was the Government's intention to ensure that young people had the opportunity of further education or training, instead of wasting their early years after the end of formal education (shouts of approval). "To those who disagreed, he would say that there was no short cut to those objectives but there was a road forward."

"The question is whether we have the guts and stamina to stick to it. We are going to. I give a pledge to you and to the country that we shall stick to the road because we believe it the best way forward for the wel-

fare of all our people, trade unionists, housewives, students, elderly, the sick and everyone. "We cannot simply go back. I will refuse to go back to the 1974-75 period when we were having that ridiculous, absurd level of inflation which seriously undermined every institution including our own institutions which were the price. We have our best chance since the end of the war to make this year a watershed, to break the declining spiral for which we were all responsible."

They could try to find scapegoats but all were responsible and there was now a chance to move up and forward, to break out of the spiral because of a combination of circumstances that had come together to give that opportunity to the country now. They were playing for great stakes. We have our own chance now. Our destiny lies in our hands. We seek your cooperation and help for a more stable, more contented, more just society. We have a duty and responsibility to work together. We shall seek to meet your needs."

The Government was trying to carry out its responsibility to the whole nation. "We need your cooperation. I need your help. I trust that the Labour movement as a whole will get it and that we shall be able to go forward together."

Mr Callaghan's speech lasted about 45 minutes and delegates stood to applaud him at the end. Leading article, page 15

Unions to try new tactics to increase pressure on Grunwick

The General Council of the TUC is organizing meetings with member unions to work out details of future action against the Grunwick company. Mr Roy Grantham, secretary of the Association of Professional, Executive, Clerical and Computer Staff (APECS), the union principally concerned in the dispute, declined to disclose details of what was in mind, but said that the time had come to use "brains instead of brawn since mass picketing had not stopped Grunwick."

Last week there had been talk of a blockade and Mr Ward, the managing director of Grunwick, had said in new stocks.

Mr Grantham was moving an emergency motion, which was carried unanimously, for the "irresponsible action" of Grunwick in refusing to act on the Scarman report and recommendations.

The motion added: "The intransigent attitude of the company in rejecting the court of inquiry's recommendations concerning the reinstatement of the dismissed workers and recognition for collective bargaining, places the responsibility for the continuation of the dispute squarely upon the company."

The motion reaffirmed support for APECS and its members and called on all affiliated unions to continue and to intensify financial and practical aid. It also called on the International Confederation of Free Trade Unions to help in ensuring that overseas

contracts held by Grunwick were brought to a speedy end.

Mr Grantham said they could not get the impact on the members of the Scarman inquiry by people who had no complaints when the appointment of the leaders of the Labour and Liberal parties had already supported the findings of the inquiry, but the silence of the leader of the Conservative Party was a different matter.

No one could have been more helpful in trying to solve the Grunwick difficulty than APECS, and the sole responsibility for the continuation of the dispute lay with the company. APECS had spent £200,000 in the course of the battle and would spend still more to sustain its members. The union's tactics must be to use its strength effectively. Mass picketing of the company had not stopped it.

"We must use our brains instead of our brawn. We need sophisticated and detailed planning on how we should bring Mr Ward to his knees."

Mr Grantham said his union did not intend to signal its shots in advance. It would suffice to say that action must be decisive and effective.

At meetings called by the general council APECS would work out with each union how best to achieve their common ends. There would be approaches to such countries as Nigeria to ensure that

their governments stopped using Grunwick in processing work on surveys. Mr Grantham thanked the unions on behalf of the Grunwick workers for saving them from defeat. "We want to ensure their victory." (Loud applause.)

Mr Ronald Todd, Transport and General Workers' Union, seconding, said the movement must resist the concerted attack on it and on the basic rights in which they all believed. Grunwick and its allies had given a demonstration of nineteenth-century arrogance.

Mr Ward had said that before he reinstated the strikers he would go out of business. The message of this TUC should be, "So be it."

Mr Len Murray, general secretary of the TUC, said the general council would put its weight behind the workers. Mr Grantham and Mr Todd, all their efforts had not yet been enough to defeat the implacable enemy of the rights of workers. The union backed by the so-called National Association of Freedom.

Responsibility for violence lay directly at the door of George Ward and Grunwick. It was characteristic of George Ward and of the people in his company that at the extreme that both saw people as things. They rejected the concept that people could be used as wages and exploited to create profits or to advance political campaigns.

Mr Jones said that largely as a result of TUC efforts, the movement was committed to adjoining pensions each year although the congress had pressed for reviews every two years.

With the degree of inflation the increases had never been enough. They had not caught up with the difficulties of pensioners, he said.

The pension increases called for by the TUC would be a small concession to walfow in luxury. To raise the basic level of pension remained the big issue and made the case for a radical change. Future increases were justly assessed.

The much heralded Grunwick debate did not turn out as advertised. It was low-keyed, the issue was dispatched within 20 minutes, and many disgruntled delegates were left wondering how effective these TUC's coordination against the film-processing company will be.

Certainly no one beyond those scheduled bothered to speak on the motion, and when applause was called for by the Grunwick strike committee's representatives in the gallery, most delegates declined the urgings to stand in ovation.

That might be because many rank-and-file union members are unenthusiastic about the so-called war in Grunwick. The moderate president of a civil service clerical union told me he believed that the vast number of union members were opposed to shoving union membership down the throats of workers who did not want it.

When his union had offered pickets and money to the Grunwick strikers it had been deluged with resignations and members' protests.

Mr Ronald Todd, of the Transport and General Workers' Union, said he was not a Grunwick supporter. He preferred to prefered leadership to unionization. But if my source is right that may not be

Winter bonus is urged for pensioners

The Government should introduce a tax-free winter bonus for old aged pensioners without a means test, Mr Jack Jones, general secretary of the Transport and General Workers' Union, said when he moved a composite motion on pensions, which was carried unanimously.

He appealed to the Government to "demonstrate the milk of human kindness" and not be content with just giving little bits of relief on pensioners' electricity bills.

The motion called on the Government to take steps to reduce to 60 the age of eligibility for a state pension, if necessary in stages. Priority should be given to workers in hazardous industries and to registered disabled workers.

It also called on the Government to ensure that the cost of state pensions to be not less than half the average gross earnings for a married couple and a third for a single person. The Government should introduce a special annual allowance to all pensioners to take the cost of the cost of winter fuel and heating.

Mr Jones suggested several ways in which improvements for pensioners could be financed. There was a surplus in the National Insurance Fund, he said, and increased employers' contributions, which could be diverted. A future wealth tax could be used to assist pensioners, as could the increasing revenues from North Sea oil.

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Home Secretary's ban is sought on Front marches

The general council intends to press Mr Rees, Home Secretary, to ban all National Front demonstrations.

Mr Tom Jackson, secretary of the Union of Post Office Workers, appealed to delegates to destroy racism and the poison spread by neo-fascist groups. He said the general council would soon be urging Mr Rees to ban all National Front demonstrations. It would insist that the full rights of the Race Relations Act should be used against those who sought to poison society in that way.

TUC demonstrations against racism would continue. The Manchester demonstration would have been a great success had it not been for the Socialist Workers' Party.

Mr Jackson said he found little to choose between them and the National Front. Political bootboys were distinguished from football hooligans only by their different slogans.

A composite motion instructing the general council to intensify its efforts to combat the growing activities of the National Front and similar racist organisations was carried without a vote.

Mr Maurice Styles, moving the motion on behalf of the Union of Post Office Workers, said the

lot of good will that went to the Government as a result of the TUC campaign on pensions turned sour with the change in the rate of inflation. That meant that a married couple received £1.20 a week less and a single person \$0p a week less than if the Government had used the previous method of assessment.

"The difficulty is that we are not just up against a government obsessed with economic problems, but a government that is calculating machines of the establishment which continuously advises the Government. They tell the Government, who tell us they cannot afford it. If this argument had prevailed throughout there would be no old age pensions, no National Insurance, no Civil Service. They are nicely indexed against the cost of living."

Mr R. Ireland, National Graphical Association, seconding, said: "We cannot afford not to have a reduction in the retirement age. At a stroke we could subsidise a million who were in the work force for one million who might like to retire."

Mr B. A. Gillman, general secretary of Civil and Public Services, said: "We need to have a reduction in the retirement age. At a stroke we could subsidise a million who were in the work force for one million who might like to retire."

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Support for claims by wives

The congress unanimously passed a motion calling for the Government to consider the family income supplement, so that husband and wife would have equal opportunity of entitlement to the family income supplement.

Delegates noted with concern the continuing discrimination concerning applications for a family income supplement if a family's income fell below the standard of the previous regulations. Only the husband was entitled to apply for such a benefit.

Where the man was unable to work but the wife was employed for more than 30 hours a week she would be unable to apply for the benefit. The family income supplement was less than the prescribed amount.

Mr Tom Parker, secretary of the National League of the Blind and Disabled, moving the motion, said it was time the Government had a plan to remove that discrimination. It would be good if the Government set an example on the sex discrimination issue by removing that discrimination.

It was estimated that it would cost £2.5m a year to lift the ban for women trying to maintain a family.

Mr Christine Page, seconding the motion on behalf of the Union of Shop, Distributive and Allied Workers, said the wife family income supplement operated perpetuated the idea that only a man could be head of a household. It failed to recognize that for many reasons a family might choose to have the woman as the family breadwinner.

Claimants for benefits are defended

The myth of the scrounger and the myth of the woman on state benefits was dangerous because it stopped the eligible applying for benefits. The myth of the scrounger and the myth of the woman on state benefits was dangerous because it stopped the eligible applying for benefits.

Mr George Guy, general secretary, National Union of Sheet Metal Workers, Coppermiths, Plating and Dressing, said: "It was proposing a composite motion calling on the general council publicly to condemn attacks made on social security benefit claimants."

He said the myth also made official dealing with claims unduly difficult. The myth of the scrounger and the myth of the woman on state benefits was dangerous because it stopped the eligible applying for benefits.

Mr George Guy, of the Amalgamated Union of Engineering Workers (Construction Section), referred to a part of the motion supporting a call for an end to all forms of economic collaboration between Britain and the racist apartheid regimes and an immediate step the imposition by the Government of a ban on investment in South Africa.

He said one reason for the emergence of the National Front was the respectability given to racism by the hobnobbing of a number of British Foreign Secretaries with Mr Vorster and Mr Jan Smith.

It did not do the Labour movement much good when Dr Owen was in company with his recently appointed American counterpart gave respectability to such people.

Pub is city's cleanest as well as driest

From Arthur Osman Birmingham

The Fox and Goose public house at Washwood Heath, Birmingham, at the time of the 26 months it has been a public house without beer, spirits, wine or tobacco.

That is not surprising, for few feet have crossed the carpets or tables during the 26 months it has been a public house without beer, spirits, wine or tobacco.

Mr William Clutton, the manager, said yesterday: "If I can count the customers on my hand it's poor night and if I can count them on two it's good."

The silence in the bar was in marked contrast to the hubbub of the 26 months it has been a public house, full out with Mr Clutton's predecessor in July, 1975, and refused to make any more.

Even when Mr Clutton, chairman of the association's Birmingham branch, arrived in May last year, he found the bar in a state of disrepair. The house was run by an association member.

Ultimately the TUC disputes committee decided in favour of the association, but the dryness was the result.

Mr Clutton returned from Blackpool yesterday for a luncheon opening, which saw only three confused middle-aged women in the restaurant, without the sherry they requested.

Only hundreds of expensive flowers remain from the last delivery all those months ago to remind anyone that it is a public house. The bar is a model of cleanliness thanks to the energies of the 25 full and part time staff who have kept the place in a state of order. It is really very boring and we cannot wait to do some real work outside.

There were signs yesterday that that will not be long delayed, for the embarrassment of the transport and the General Council of the TUC. Mr Clutton said he had a salary effect on the affair.

General council enlarged by five new members

From Christopher Thomas Labour Reporter

Five new members were elected to an enlarged TUC General Council yesterday. No one was lodged, despite threats by the Transport and General Workers' Union to wreak vengeance on anyone who voted for the new members. The new members were elected to the TUC General Council.

Mr Thomas said the new members were elected to the TUC General Council. The new members were elected to the TUC General Council.

Jack Jones, Mr Stanley Pemberton and Mr Harry Urwin, TGWU; Mr James Slater, National Union of Seamen; Mr C. G. Spence, National and Local Government Officers' Association; Mr Alan Fisher, National Union of Public Employees; Mr Kenneth Thomas, National Union of Teachers; Mr Terence Parry, Fire Brigades Union; Mr John Spensley, Confederation of Health Service Employees; Mr Anthony Christopher, Industrial Revenue Staff Federation; Mr Tom Jackson, Union of Shop, Distributive and Allied Workers; Mr Kenneth Thomas, Civil and Public Services Association; Mr Lawrence Daly and Mr John G. Smith, Union of Mineworkers; Mr Ray Buckton, Associated Society of Locomotive Engineers and Firemen; Mr Fredrick Dwyer, National Union of Railwaymen; Mr John Chalmers, of the Boiler-makers, Shipwrights, Blacksmiths and Structural Workers; Mr Reg Birch, Mr Len Edmondson, National Union of Mineworkers; Mr Hugh Scanlon, Amalgamated Union of Engineering Workers; Mr George Guy, National Union of Sheet Metal Workers; Mr David Bessie and Mr J. Eddies, General and Municipal Workers' Union; Mr Alan Supper, Union of Civil, Television and Allied Technicians; Mr F. Baker, Mr David Bessie and Mr J. Eddies, General and Municipal Workers' Union; Mrs A. Maddocks, National and Local Government Officers' Association; Mrs M. Patterson, Transport and General Workers' Union.

WEST EUROPE



Armoured cars at the Bonn Chancellery as West Germany waits for more guerrilla attacks.

Police urge sterner measures on terrorism

From Gretel Spitzer

Berlin, Sept 6

The Federation of West German Criminal Police Officials has taken the occasion of the kidnapping of the industrialist Dr Hanns-Martin Schleyer to demand better conditions for fighting terrorism.

The Federation believes that terrorist criminals are given privileged treatment in West Germany's prisons. This, it says, helps the fight against terrorists as little as do demand for the resumption of capital punishment.

The Federation wants standardization of police organization, equipment, training and of federal as well as state criminal police powers.

It is also urging quick punishment of terrorists, and that the individual citizen clearly shown that sympathizers with terrorists will not longer be tolerated.

Dr Helmut Kohl, leader of the Opposition in the Bundestag, also picked up the theme today insisting that stricter laws—as suggested by the CDU-CSU Opposition—be passed as soon as possible. He said that everyone should cooperate in opposing terrorism, and that its sympathizers should be fought with great determination, not least in the West German universities.

Speaking after a session of the CDU-CSU parliamentary caucus, he emphasized the importance of the citizen's role in defeating terrorism.

The people did not understand why it should take years in West Germany to put suspected terrorists on trial when in France rioters could be tried 48 hours after the event, Dr Kohl said.

People also failed to understand why defence counsel were not watched more closely if it was true that they transmitted information between terrorists. Nor could the population understand why terrorists were fed against their will when on hunger strike in prison, he said. The law had to be changed.

The political climate in general would have to improve and trust in the power of the state be restored before terrorism could be fought successfully, Dr Kohl said.

Leadin article, page 15

French state employees offered 2.6% pay rise

From Ian Murray

Paris, Sept 6

It seems that state employees in France are to be offered a pay rise of about 2.6 per cent this year. Last year it was offered to the civil servants and today it was the amount put on the table for the 130,000 gas and electricity workers.

As the present round of pay negotiations continues, there is a growing clamour from the unions that they cannot be bound by a settlement tied to a cost of living index over which they have no control.

According to management, the

Answer found to rainbow trout disease

From Our Own Correspondent

Paris, Sept 6

The fish laboratories at the National Institute for Agricultural Research have discovered a vaccine to protect rainbow trout from viral septicaemia (blood poisoning), a disease widespread in European hatcheries.

The new vaccine is produced from a cell culture of the fish and is said to be the first antiviral fish vaccination to be perfected. Fish to be treated are turned loose in vats containing the vaccine for a period and return a month later for a top-up. It is possible to treat 300,000 at one time.

Trials on 12 million trout have proved successful and it is hoped to make the vaccine commercially available over the next two years.

French honour

Paris, Sept 6—Gregory Peck, the American film actor, was invested at Deauville today with the scarf of a Commander of Arts and Letters

Señor Suárez to introduce law reforms after reuniting party

From William Chislett,

Madrid, Sept 6

Señor Suárez, the Prime Minister, is reported to have overcome the difficulties within his Democratic Centre Union party and is to present a package of about 20 laws to the Cortes (parliament) soon which would eliminate the remaining repressive laws of the Franco regime.

The Prime Minister has quickly taken the initiative, aimed at restoring any loss of confidence which might have resulted from reports of differences within his Cabinet. Last night he presented his programme, containing drafts of new laws, to Señor Felipe González, the secretary general of the Spanish Workers' Socialist Party, with who he held a two-hour meeting.

The package includes among other things reforms of various articles of the penal code with regard to public and private freedoms and a new set of laws

regulating labour relations and press. According to an informed source, mention of divorce and possibly of abortion laws—divorce and abortion are both still illegal in Spain—might be made.

Approval by the Cortes for reform of the remaining repressing Francoist laws would establish a *modus vivendi*, while the new constitution would replace the Francoist Fundamental Laws in making things difficult for the Government.

The Cabinet has been working on the package since the June 15 election. Señor Santiago Carrillo, the secretary general of the Spanish Communist Party, gave his approval when he saw the Prime Minister last month.

In answer to the call from some sectors within the Democratic Centre and from the Communist Party as a whole for a coalition government, Señor González said after

seeing the Prime Minister that Señor Suárez intended to govern alone.

The Socialists are being very careful in their attitude to a coalition. There is a feeling that they have reached some kind of pact with the Government for the time being, while Señor González continues to build up his party as a credible alternative.

La Pasaduria better: Señora Dolores Ibarruri, aged 82, president of the Spanish Communist Party, underwent a second operation in Madrid today when a pacemaker was inserted to regulate her heart beat. Her condition was reported to be satisfactory.

Señora Ibaruri (La Pasaduria), who returned from 38 years' exile in Moscow this summer, was taken to hospital yesterday. She then underwent a brief first operation to prepare the way for today's. Señor Santiago Carrillo, the party's secretary general, visited her today.

Enlarged EEC now seen to Bonn's disadvantage

From Our Correspondent

Brussels, Sept 6

A confidential report prepared for the West German Cabinet by a working party of state secretaries, which is circulating here, concludes that enlargement of the EEC will bring West Germany more disadvantages than benefits. Spain rather than Greece and Portugal is seen as the main problem country.

The report, which has not yet been adopted by the Cabinet, tempers official statements welcoming enlargement on political grounds. Only last week, Horst Ehm, the Agricultural Minister, said the benefits far outweighed the disadvantages.

Opposition to enlargement, especially to Spanish entry, has been voiced most recently by France and Italy who are worried about the effect on their Mediterranean farmers. But the West German report says the EEC should resist demands by these two countries for greater financial protection by the EEC for their wine, fruit

and vegetables before the three applicants are admitted.

It further adds that the agricultural prices of the new members should be brought into line with EEC prices over as long a period of transition as possible in order to delay stimulation of production and thus avoid even more surpluses.

For the first time the financial cost of enlargement to the Community's agricultural budget is worked out. Assuming no transitional arrangements, the report calculates that the cost would have been £410m in 1976 rising to £660m in 1980.

The netcost to the West German exchequer would inevitably increase in absolute terms, the report notes. This would be without taking into account new demands on the regional and social funds as well as monetary support.

Quite apart from making the work of the council of agriculture ministers more difficult and lessening West Germany's voice there, the report says, enlargement would prevent further progress to unity, particularly political and economic and monetary union.

Basque freed in France on conditions

From Our Own Correspondent

Paris, Sept 6

The Court of Appeal at Aix-en-Provence today agreed to free the Basque separatist, Señor Miguel Angel Apalategui, subject to judicial controls.

His freedom is conditional on his acceptance of an offer to live in the religious community of the Basque Prades at Marseilles; he must not leave the Bouches du Rhône département to appear on October 14 when a decision about granting him political refugee status will be made.

Señor Apalategui has been on hunger strike since the beginning of July and promised to end it only if he were freed by the French courts. The Spanish Government has applied for his extradition for alleged terrorism offences, including shooting a policeman and kidnapping.

Dr Kekkonen pays visit to E. Germany

From Our Correspondent

Berlin, Sept 6

President Kekkonen of Finland arrived in East Berlin today on an official visit. He was welcomed by Herr Erich Honecker, the East German party leader and head of state.

Today the *Neues Deutschland* party newspaper noted that relations between Finland and East Germany were an example of cooperation. It saw the President's visit as a high point in the development of good relations and asserted that its significance would go beyond bilateral ties.

It was assumed that the intensification of economic cooperation would be the main item on the agenda of President Kekkonen's talks.

Whether the question of compensation for war damages, raised by Finland after the Second World War with both German states will be discussed remains to be seen.

Informed sources in Bonn said today that Dr Kekkonen would pay his first official visit to West Germany next year.

Moscow offers talks on Airbus dispute

Moscow, Sept 6—The Soviet

Union has offered to start talks "at any time" with French authorities seeking to introduce the European Airbus on the Paris-Moscow service, according to Tass.

It said the Soviet Government denied the statement by Mr G. G. Gromyko, the Foreign Minister, that it had refused a French application for Moscow landing rights for the Airbus.

Tass reports that in June, Soviet representatives offered to start negotiations with the French authorities on running the Airbus on the Paris-Moscow route. The proposal "failed to evoke an interested response from the French side."

"Such negotiations, it goes without saying, can be started at any time, as soon as the French authorities agree to hold them,"—Reuter.

World ignored us, says Moluccan kidnap leader

Assen, Holland, Sept 6—The

ringleader of eight South Moluccans on trial for seizing a train, a school and hostages last May, said they did it because the world still did not understand what the South Moluccans wanted.

Willem Soplanit, aged 25, who admitted being the instigator and leader, said he had the idea in January. After the seizure in December, 1975, of a train and the Indonesian consulate in Amsterdam, they had been ignored.

All are charged with depriving 170 schoolchildren and train passengers of their liberty and with the illegal possession of firearms. Militants among the South Moluccan community want an independent homeland in the Spice Islands.

Asked by the judge why they

had chosen the school as their target, Mr Soplanit said it was easy to approach carrying weapons for me near by South Moluccan housing estate. Earlier he had shown that the Dutch Government was more likely to give in to their demands if children were held hostage.

Outside the closely-guarded courtroom, young Moluccans held up banners including one which declared: "Our vengeance will come at the moment you sleep."

Six guerrillas in the train died when Dutch marines stormed it on June 11, after the double siege had lasted 18 days. Among them was Mr Soplanit, thought to be the ringleader until Mr Soplanit claimed that role in court today.—Reuter.

OVERSEAS

White House seeks to minimize damage to President as his aide's fate appears to be sealed

From Patrick Brogan

Washington, Sept 6

Mr Bert Lance, the Director of the Office of Management and the Budget, said today that he would not resign. He told reporters that he would state his case to a Senate committee which is to examine him and his affairs on live television tomorrow, and that he expected to be vindicated.

This is what public officials always say on such occasions. Mr Lance is going to be the second major casualty of the Carter Administration and the only question now is how his resignation will be handled.

The first casualty was Mr Ted Sorensen, who withdrew his nomination as director of the Central Intelligence Agency in a statement to a Senate committee gathered to examine his confirmation. The committee

was thus thwarted in its plan to haul him over the coals.

Mr Lance may follow Mr Sorensen's example, and make an explanatory statement, answering the charges against him, and announcing his resignation. Alternatively, he may try to salvage something of his reputation before resigning.

The White House concern is with reducing the damage to the President to a minimum. A spokesman has denied a report in *Time* magazine that Mr Lance offered twice to resign and was twice refused.

These denials are not to be taken too seriously. Mr Lance is now a serious liability to the President. The scandal has reached its climax at a moment when Mr Carter is conducting a spectacular demonstration of inner-American solidarity to sign the new Panama treaty and he wants no distractions in his

attempt to persuade the American public to accept it.

Exactly what problem is whether to let off his old friend before the Panama Canal treaty, or afterwards. Mr Lance's own susceptibilities are no longer of much importance, although it is admitted that for him to resign immediately after being accused of embezzlement would be a little hard.

The two senior members of the Senate committee want the White House yesterday to tell the President that Mr Lance had to go. They can be expected to be fairly sympathetic to Mr Lance during the hearings, but only because they know that he will resign in the end.

He will be given every opportunity to explain himself, and has hired the best lawyer in town to help him. His fate is already sealed, however.

Dr Owen's investigator barred from Zambia

By David Spanier

Mr Thomas Bingham, QC, the barrister appointed by Dr Owen, the Foreign Secretary, to conduct an investigation into oil supplies to Rhodesia, has been forbidden to enter Zambia to pursue his inquiries. He has also been barred from Mozambique.

The Zambian decision has caused some surprise in London in view of President Kaunda's insistence that the West should take action to stop the international oil companies from supplying oil to South Africa which is then sent on to Rhodesia.

The explanation apparently is that the Zambians regard the study of sanctions as a purely an excuse for evading action. The British answer is that it is essential to get the facts straight first.

Mr Bingham's study was begun last April. His report is expected by the end of the year.

King sees danger of a world war erupting

From Our Own Correspondent

Paris, Sept 6

Unless there is an early settlement of the Middle East problem, there is a real danger that it could spark off a world war, King Hussein of Jordan has warned President Giscard d'Estaing during his short official visit here. It would not be easy to predict, he said, the extent to which the fighting would spread.

He agreed with the French leader that the only solution was the withdrawal of Israel from the occupied territories and the establishment of a Palestinian nation. The President added the French point that national boundaries must be laid down and guaranteed.

These three principles form the French "logic of peace" for the Middle East.

At a press conference, the King said the Arabs had done everything possible to achieve peace. Unless there was an equal effort on the Israeli side there would be no more hope.

Moscow, Sept 6.—Dr Kurt Waldheim, the United Nations

Secretary-General, indicated yesterday that he was not optimistic about the prospects for an early resumption of the Geneva peace conference on the Middle East.

Dr Waldheim, who is on an official visit to the Soviet Union and has had talks with Mr Gromyko, the Foreign Minister, said at a news conference: "I consider the situation very serious. I have discussed the Middle East extensively with Gromyko."

"I have the impression that it will take many more efforts to overcome the present difficulties."—AP

Cairo, Sept 6.—Arab foreign ministers today called on orid states to halt military and economic aid to Israel.

The ministers issued their call after four days of talks in Cairo. They adopted unanimously a resolution referring to "the deteriorating situation in the Middle East as a result of continued Israeli occupation of Arab lands and the escalation of small-scale and practices obstructing peace efforts in the Middle East."—Reuter

The President needs the support of the public because the new treaties have to be ratified by a two-thirds majority of the Senate. Congressional opponents of the proposed arrangements are using general disapproval of the treaties as the main prop of their campaign to block ratification.

By an unfortunate coincidence of timing, the festivities are likely to be overshadowed by the fresh round of investigations into the financial affairs of Mr Bert Lance, the Director of Management and Budget. Tomorrow's Senate hearings relating to Mr Lance's activities will be broadcast live.

Leading article, page 15

Resignation of Canadian finance minister

From Our Correspondent

Ottawa, Sept 6

Mr Donald Macdonald, the Canadian Finance Minister, has resigned from the Cabinet for "personal and family reasons" and said he did not plan to seek reelection.

Mr Macdonald emphasized that there were no policy differences between him and his Cabinet colleagues. His resignation may be related to the fact that his wife, Ruth, was treated for cancer last year.

Conspirators to be shot publicly in Kampala

From Charles Harrison

Nairobi, Sept 6

Twelve Ugandans sentenced to death yesterday by a military tribunal will be shot publicly in Kampala on Friday, Uganda radio announced today. President Amin has signed death warrants for the men, who were convicted of plotting to overthrow his Government early this year.

He has ordered the executions to be carried out at the clock tower, close to the centre of Kampala on the Entebbe road. The tower was built in 1954 to mark the visit of Queen Elizabeth II and the Duke of Edinburgh to Uganda.

Members of the public may watch the executions but no private cameras will be allowed.

Washington festive for Panama signing

From David Cross

Washington, Sept 6

President Jimmy Carter and lesser dignitaries from more than 20 Latin American states were today gathering in Washington for three days of festivities surrounding the signing of the new Panama Canal treaties.

One of the first arrivals was Brigadier-General Omar Torrijos Herrera, the Panamanian head of state who had to swallow some of his more ambitious demands during the final stages of the negotiations with the United States last month.

When he flew in yesterday, he described the new arrangements, which would transfer control over the strategic waterway gradually from the United States to Panama by the end of the century, as correcting "a historical mistake."

General Torrijos was the first leader to meet President Carter at the White House today. He was followed at hourly intervals by other presidents and prime ministers who have all been promised an audience by Mr Carter before they leave later this week.

The actual festivities were getting under way tonight, with a reception at the headquarters of the Organization of American States, where the treaties will be signed during a nationally televised ceremony tomorrow.

Other guests invited to attend the festivities include former President Ford, who has come out publicly in favour of the new canal treaties, and Mrs Lady Bird Johnson, whose husband, President Lyndon Johnson, signed the original arrangements with Panama 13 years ago. One notable absentee from the ranks of guests will be former President Nixon.

Mr Carter is hoping that all the ballyhoo surrounding the treaties will bring home to Congress and the American people the importance Latin America attaches to the new canal arrangements. Recent public opinion polls indicate that the great majority of people are strongly opposed to the new treaties, although there are some signs that opinions may be shifting.

The President needs the support of the public because the new treaties have to be ratified by a two-thirds majority of the Senate. Congressional opponents of the proposed arrangements are using general disapproval of the treaties as the main prop of their campaign to block ratification.

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Leading article, page 15

Japan to increase role in guarding Korean peace

From Peter Hazelhurst

Tokyo, Sept 6

Japan will increase its defence capabilities and attempts to use its diplomatic ties with China and the Soviet Union to maintain peace on the Korean peninsula after the withdrawal of American troops, Mr Ichiro Hatoyama, the Japanese Foreign Minister, said today.

He made his statement at the conclusion of two days of talks with South Korean leaders in Tokyo during which both sides expressed deep concern over America's plan to withdraw its ground forces from South Korea.

As the ninth Japan-South Korean ministerial conference ended in Tokyo, North Korea and a team of Japanese parliamentarians signed a non-official fishing agreement in Pyongyang today—a step which clearly perturbed the South Koreans.

During the past two days Mr Nam Duck Woo, South Korea's Deputy Prime Minister, and Mr Park Chung Hee, the South Korean President, have expressed disapproval over Japan's recent attempts to broaden unofficial contacts with Pyongyang.

Addressing the ministerial conference's closed session yesterday, Mr Nam was expected to receive \$2,000m (£1,130m) in official aid and private credits from Japan to help to finance South Korea's fourth five-year economic plan.

However, it became clear that Japan will place emphasis on commercial loans rather than Government aid to South Korea.

that his country never expected the United States to maintain its ground forces in the area on a permanent basis.

"But we cannot underestimate the important role that the American forces have played as a peace-keeping force and deterrent since 1953. South Korea is concerned that the withdrawal might change the military balance on the peninsula, and there is the danger that North Korea might make a miscalculation. We therefore believe the American States' withdrawal is premature," he said.

Hinting that Japan ought to provide South Korea with more economic aid to preserve stability on the Korean peninsula after the American withdrawal, Mr Nam told the conference that 35 per cent of Seoul's budget is now committed to defence.

"We expect that burden will affect our economy and it will have a detrimental impact on the growth pattern in the future. We are ready to shoulder that burden and pay the necessary price for our security," Mr Nam declared.

Although no specific figure was raised during the conference, South Korea is expected to receive \$2,000m (£1,130m) in official aid and private credits from Japan to help to finance South Korea's fourth five-year economic plan.

However, it became clear that Japan will place emphasis on commercial loans rather than Government aid to South Korea.

Death penalty wrangle in primary

From Michael Lespman

New York, Sept 6

With two days to go before the Democratic primary election for Mayor of New York, it is still anybody's guess which two candidates will qualify for the run-off round in two weeks' time. Opinion polls continue to show the top four candidates within three or four percentage points of each other, with the other three trailing.

Taking place as it is in the hot and sticky summer months, when those New Yorkers who can afford it take to New England, Long Island or the hills, it has hardly been an electrifying campaign. If a single mood can be said to have prevailed, it is cynicism.

For instance, an issue which has come to the fore in the later stages of the campaign is that of the death penalty. It is mentioned in all the many debates between candidates staged for radio and television.

Two of the four main contenders, Mr Edward Koch and Mr Abraham Beame, the present mayor, are in favour of the retention of capital punishment. The other two, Mr Bella Abzug and Mr Mario Cuomo, are against it.

Yet the mayor of New York has no power to impose the death penalty or to legislate for it. That power resides primarily with the state government. Those who make an issue of it (Mr Beame and Mr Koch) do so because polls prove that most New Yorkers favour capital punishment, and to exploit the fear of violent crime which is endemic to the city.

Because the contest is likely to be close, candidates are spending large sums of money on radio and television advertisements as the campaign reaches its climax. So far they have spent \$3.8m (\$2.2m) on the primary, and another half million has been committed to last-minute advertising this week.

The effect of the advertisements is to make it harder rather than easier to differentiate between the candidates. All are presented as tough fighters who will go dogmatically into battle on the city's behalf. Since New York is a city of constantly contending factions, a fighting quality is needed in a mayor, and the snarling, ill-will which has characterized the public debates between the candidates confirms that their claims to possess this quality are well founded.

One surprise is that Mr Beame, the oldest candidate at 71, remains strongly in contention even after the report of the Securities and Exchange Commission which criticized him in such harsh terms for his conduct before New York's fiscal crisis in 1975. (One commentator suggests that his motive for wanting to reintroduce capital punishment is so that it can be used on members of the SEC).

Many in the city feel that the report was over severe on the mayor.

Mr Beame's strength is the support of most of the trade unions in the city.

Mr Koch promises to get tough with the unions to cut city expenditure, but this com-

bative approach, while electorally appealing, could get him in trouble if elected.

Mr John Lindsay made similar promises when first elected in 1965, and was faced almost immediately with a strike on the subway which made him extremely unpopular, and resulted in a high wage settlement.

Mr Koch's commercials are a further illustration of the prevailing cynicism. They have been masterminded by Mr David Carth, who has a high reputation as a political image maker. "After eight years of charisma (Mr Lindsay) and four years of the clubhouse (Mr Beame), why not try competence for a change?" the advertisements ask. They fail to point out that the charisma of Mr Lindsay was largely the creation of Mr David Carth.

Mr Cuomo has been gaining ground with persuasive advertising, and Mr Abzug seems to have arrested the decline in her campaign which was apparent a few weeks ago. Most polls show her as marginally ahead and she must be fanned to make the runoff.

The Republicans will not need a runoff because there are only two candidates in their primary—Mr Roy Goodman, a liberal state senator, and Mr Barry Farber, a conservative radio personality. Mr Farber has been chipping away at Mr Goodman's early lead and this, too, could be a close contest.

It is the winner of the Democratic nomination, though, who will be the strong favourite to win the election itself in November.

Sect leader gets 41 years' jail over US sieges

From Our Own Correspondent

Washington, Sept 6

The Hani Black Muslim leader who ordered his followers to seize three Washington public buildings and take hostages last March was today sentenced to between 41 and 123 years imprisonment for murder and armed kidnapping. His 11 convicted followers were expected to receive equally harsh sentences.

Before sentencing at a Washington court today, Hassan Abdul Kheis, aged 55 who was convicted in July of directing the seizures pleaded for probation to continue his work as a Muslim leader. He was a true patriot and a man who loved his country, he told Judge Nicholas Nunn.

However, Judge Nunn followed the advice of federal prosecutors who had demanded extremely stiff sentences to deter other would-be terrorists. Members of the sect held nearly 150 hostages at three separate buildings, the 37m Birch international Islamic Cultural Centre and the District Building, which were besieged by police for 39 hours. A reporter was killed and a number of people injured.

New comet located

Moscow, Sept 6—Soviet

astronomers have discovered a new comet in the Pisces constellation, according to Tass. It should be visible between February and March next year.

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Official survey points to real changes for the better

For all the harshness of apartheid life is not all that bad for blacks

From Eric Marsden, Johannesburg, Sept 6

South Africans are well aware that once the constitutional future of Rhodesia and Namibia (South-West Africa) are decided the pressure for change on their own government will be massive.

They also believe strongly, at times almost despairingly, that the world has a totally false picture of the situation in South Africa and the moves towards change that have already been made.

In an attempt to correct foreign "misconception," Mr. Eschel Rhoodie, Secretary for Information, has published a detailed survey on "progress in inter-group and race relations, 1976-77".

One common misconception, he says, is that there is little or no dialogue between whites and blacks in South Africa.

This is no longer true, he claims. Mr. Vorster, the Prime Minister, has consulted black, coloured and Indian leaders on far more occasions in the last five years than did all of his predecessors in 50 years.

This process of black-white political dialogue is evolutionary and has developed with the emergence of elected black leaders of the various black nations within South Africa, and would increase as the black homelands move to independence, according to Mr. Rhoodie.

He lists Mr. Vorster's meetings with black leaders starting in 1971. At the most recent meeting with all the homeland leaders, in October 1975, the problems of urban blacks living in white areas was discussed and a special committee of three black and white representatives was formed to discuss control of the influx from rural areas and the pass system.

There was also "almost daily contact" at lower levels with black, coloured and Indian representatives of the various black nations outside the black homelands, provision was made for urban councils elected by the residents themselves, Dr. Rhoodie gives the figure for blacks living in white urban

areas as about five million.

He admits that "there are certain people who claim to be representatives of and spokesmen for the blacks with whom the Government is not prepared to talk, mainly because they are not elected spokesmen, but also on account of their openly negative attitudes and their barely concealed preference for violent courses and for revolutionary rather than evolutionary solutions to socio-political and economic problems."

In outlining economic and social developments among urban blacks his survey gives telling figures showing the growth of black living power. In 1970, it disclosed, non-white buying power in South Africa was \$915m (£530m); by 1974 it had risen to \$2,300m and this year's estimate was \$6,700m.

Between 1970 and 1974 non-whites per capita income rose by an annual average of 7.5 per cent compared with 5 per cent for whites. The income of black workers in Johannesburg rose by 112 per cent between 1970 and 1975 compared with 58 per cent for whites.

The survey gives examples of relaxation of restrictions on jobs for blacks and increased training facilities. It says that by June this year job reservation (one of the most bitterly criticized features of apartheid) affected only about 2.5 per cent of all employment opportunities.

Dr. Rhoodie also describes increased spending and expanded facilities in health, education, transport and housing, promotion of blacks in the police (five black captains at the end of last year) and steps towards mixed sport.

The Information Secretary's survey of race relations has already been attacked strongly and derisively, mostly for its omissions. It makes no mention, for instance, of the tragic uprisings last year in Johannesburg's vast black township of Soweto. These were initially in protest against the system of Bantu education, which Dr. Rhoodie defends as "giving

black education a more African character."

It is understandable that a senior government official should emphasize the positive aspects of policy, but the omission of any mention of the Soweto riots is glaring.

Critics also took issue that Dr. Rhoodie's passing reference to the Government's refusal to negotiate "disregards the fact that, in the case of Soweto, the 'Committee of Ten' unsuccessfully appealed to be allowed to hold an election for an autonomous Soweto municipal authority."

Dr. Rhoodie may argue, with some justification, that what he has omitted is equally unfair that the many positive developments he sets out are usually totally ignored by foreigners who are unwilling to listen to anything in South Africa's favour.

His survey also sets the record straight, but in doing so it highlights the persisting dilemma of the South African Government—what status to give the increasing number of urban blacks, depending on the Government's right insistence on classifying black workers as citizens of their respective homelands. Dr. Rhoodie presents the various black peoples as separate "nations".

He gives the population (at mid-1976) of 5,320,000 whites, 2,434,000 coloureds, 764,000 Indians, 4,897,000 Xhosa, 2,183,000 Tsammas, 2,011,000 North Sothos, 1,698,000 South Sothos, 814,000 Shangaans, 590,000 Swazis, 449,000 Vendas, 615,000 Ndebeles and others and 423,000 "foreign blacks".

The classification of the blacks into distinct nations makes all of them but the Zulus and Xhosa into minority communities smaller than the whites.

The confrontation now developing is between this official attitude and those claiming leadership of the urban blacks who reject "ethnic" classifications and are demanding to be treated as citizens of South Africa.

Harassed by food rationing during the First World War, my mother used to say: "If only we could give up eating and just have pills or take it through a tube."

Her wish was fulfilled for me, at least, 44 years after her death when I looked down through an anaesthetic banger and made the acquaintance of a tube and spigot protruding from the left side of my stomach wall. The hospital warning note NIL BY MOUTH over the bed was familiar. It proclaimed a temporary fast essential for an operation last a bunion X-ray. This time it was there for good. I had had a gastrostomy by means of which all food and drink have direct access to my stomach.

This was done because cancer and radiation had put my oesophagus out of action. Writing this soon after the event I marvel how really portentous events take so little time. The divorce proceedings which ended my first marriage within 20 years took 16 minutes. They told me the gastrostomy ending 68 days of eating by mouth took about the same time.

Having the stuff pumped in after the prolonged and frightful struggles to eat and drink conventionally was such a relief at first that the implications were hidden in clouds of euphoria.

The reality of my loss began with strange things a boiled egg. I think it was the first food I remember. The performance of opening it, learning to tap the thinner end, being allowed to "take the top off." The horror if it were either hard or too runny. Special treats, the speckled eggs laid by my favourite Plymouth Rock. The precision, the individuality, the completeness, of a boiled egg!

The unique taste which never varied interestingly from one boiled egg to another throughout a lifetime. (Let us forget momentarily the manifold gradations of farm-fresh, factory-produced, free-range, shop-stale.) Guinea-fowl eggs, ducks' eggs as my father stuffed into a bag beneath the cold pickled pork, bantams, plovers', guinea-fowl eggs. Yet it is the soft boiling of a hen's egg "just right" which can bring marriages to a brink or speed a mistress on her way.

At times any egg became a rare luxury. The most glamorous for me was the goose egg, admittedly *sur le plat* served as a main course at Claridges. I was a guest so I do not know what was golden stuff into a Maltese tower at the end of the seige we were offered pigeon-size hen eggs at three shillings each. But the reality of a boiled egg never fit me so hard as when I watched them, putting the stuff into a bag beneath the NIL BY MOUTH notice and listened to a comforting voice: "This will do you good. It contains three eggs." So that was how eggs were to be! Not another boiled egg in my life! And a right good cure for self-pity.

So back to that bleak subject—deprivation. To be deprived from one moment to the next of the pleasures of eating, drinking, smoking, and all the pleasures of domestic and social life, because they happen to drink. There is nothing wrong in them, enjoying what I am not deprived of so many years. I am not diminished. I can join everyone of them in friendship and drink something of my choice that isn't alcoholic. I do not shun company. I stand my ground. I keep and serve liquor in the home.

This parity which, fully realized, gets rid of the deprivation because it is not a deprivation. It is a choice that isn't alcoholic. I do not shun company. I stand my ground. I keep and serve liquor in the home.

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Changing priorities, or giving things up without feeling deprived



Poet, author and dramatist

John Pudney.

contributes this week's guest column

aesthetic pressures. The food by mouth deprivation was a sudden drastic medical necessity, and the continuing experience of the other two helped.

Had I anything of the saint or the holy man in me or of the philosophy which Teilhard de Chardin evokes as "the forces of diminishment," if these deprivations were spiritual or were touched with nobility they would be more edifying. Nevertheless they are not to be thought of as punishments. One has not been singled out by some Calvinistic predestination. There are too many people in the world starving, too many in prison, too many deprived of too much under duress for one to start hectoring you with diets. You can kill that scene with a shrug: "I just don't eat anything." Those who force culinary advice and boast of their exploits in the kitchen can be quickly overcome. I have found, with a recital of a typical day's menu which my wife, Magsy, administered to me through the tube. (For my mouth a token sip of each meal to keep up with the taste.) This, for instance: Breakfast, banana, goat's yoghurt, lemon juice and honey, cereals; lunch, watercress and onion, cream cheese and eggs, casioia (protein); tea, dried apricot, pulp, yoghurt and honey, chocolate; dinner, avocado, tomato, sesame cream, soya milk casioia.

I go back to alcohol and especially to smoking for the next point which is one of priorities. While not turning one's back on the pleasures of the kitchen and the table one must not become obsessed with them. Let the thought of it all settle into the background. Let its significance diminish.

Drink absolutely dictates the life pattern of the alcoholic. How to obtain supplies and how to dispose of empties (you don't use your own dustbin and the antics of the unacknowledged alcoholic with his empties is the surest giveaway to his condition). Every hour of every day is tempered by the availability of the stuff and future means of using it. Not only the metabolism but the social structure of life are ruled by this tyrannical priority.

Treatment and the first stages of recovery cause it to slip from the top of the list. It is gradually edged out because so many things, not least human relationships, are more important. For years I have kept a broadsheet of Scotch in my workroom (behind the Trollope on the bookshelves which I used to be hidden for quick regular tipping). Its presence there spells out the message that I am not deprived, but the priority has vanished. This is

begin to make heavy weather of abstemiousness. To the man who spots one with a soft drink and says: "Are you still drinking that stuff?" I recommend a steady (smiling) glance at the Scotch in his fist and: "Are you still drinking that stuff?"

It's whisky, best mate, whisky, what's wrong with that?"

It is an affront to point at his Scotch yet derisive questions about soft drinks are fair game. Keep a little compassion, though. The fellow is probably worried about his own drinking.

About food there is no need to be aggressive unless people start hectoring you with diets. You can kill that scene with a shrug: "I just don't eat anything." Those who force culinary advice and boast of their exploits in the kitchen can be quickly overcome. I have found, with a recital of a typical day's menu which my wife, Magsy, administered to me through the tube. (For my mouth a token sip of each meal to keep up with the taste.) This, for instance: Breakfast, banana, goat's yoghurt, lemon juice and honey, cereals; lunch, watercress and onion, cream cheese and eggs, casioia (protein); tea, dried apricot, pulp, yoghurt and honey, chocolate; dinner, avocado, tomato, sesame cream, soya milk casioia.

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Mr Bhutto sent to prison to await murder trial

From Our Correspondent, Islamabad, Sept 6

Mr Bhutto, former Prime Minister of Pakistan, who was arrested last week on a murder charge, was today sent to Lahore prison until September 19 to await his trial.

Since his arrest, at Karachi, Mr Bhutto had been detained in the Air Force mess in Lahore compound. He was interrogated by the Federal Investigation Agency in connection with the murder of Nawab Mohammad Ahmad Khan, a former member of the National Assembly, in Lahore in November 1975.

At the request of Mr Raza Kasuri and his mother, the Federal Investigation Agency recently released him from the mess and ordered that the former Prime Minister be provided with accommodation and facilities commensurate with his social and educational background. Mr Bhutto's application for bail is due to be heard by the High Court on Saturday.

Mr Bhutto was last in jail about eight years ago for four months for leading political opposition to the late President Ayub Khan.

they were responsible for firing the car of Mr Raza Kasuri. His father was hit by bullets while the other occupants of the car escaped injury.

The deputy director of the Federal Investigation Agency told the assistant commissioner of Lahore compound today that the agency had completed the interrogation and asked that Mr Bhutto be transferred to judicial custody.

The assistant commissioner gave permission for Mr Bhutto's family to visit him in jail and ordered that the former Prime Minister be provided with accommodation and facilities commensurate with his social and educational background. Mr Bhutto's application for bail is due to be heard by the High Court on Saturday.

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Sri Lanka fear of insurgent attack on MPs

Colombo, Sept 6—Sri Lanka's Parliament was here today and heavy guard and police intelligence reports of a threatened attack on MPs by a group of insurgents.

Security measures were further tightened after another reported threat on the life of Mr Appabaddi Amaratunga, a member of the Parliament, and other Tamil United Liberation Front and other Tamil leaders.

Public galleries were closed and armed police guarded the Parliament building.

Insurgents, mainly unemployed but well educated young people want to turn Sri Lanka into a socialist state by means of a revolution.

The insurgents' party, the Janatha Vimukthi Peramanna, which headed the 1971 insurgency, is reported to be reconstituting itself after having been banned for six years—Agence France-Presse.

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SPORT

Racing

O'Brien's record-breaking feat could be enhanced today

By Michael Phillips
Racing Correspondent

Bearing in mind inflation and the fall in the value of the pound, Vincent O'Brien's huge haul this year is a greater achievement in real money terms than the £7,741 won by G. Dawson in 1959, the £38,000 won by J. Lawson in 1959, the £165,727 and £256,889 accredited to Noel Murless in 1959 and 1967 respectively, or Peter Walwyn's total of £273,563 two years ago.

I think O'Brien's record-breaking feat is remarkable because he has achieved it from a base outside this country, where considerable travelling is involved, and with only 17 races with 12 different horses while two months of the season remain, whereas the figures for the other four trainers represented a season's work in England, where they trained.

O'Brien's hopes of increasing his tally further this week rest with Solinus, whose objective is the Laurence Perrier Stakes at Doncaster this afternoon, and Alleged, who has become every-one's favourite to win the St Leger on Saturday after running away with the Great Voltigeur Stakes at York last month. Solinus will take O'Brien's total to 2,000 mark if he manages to beat Sexton Blake, Labienus and Colonel Parker today.

O'Brien has never won the Champagne Stakes, which has thrust such good horses as Grumpy, Wallator, and others into the limelight in recent years, but with Solinus he appears to

have an excellent chance of adding this good prize to his impressive list.

Solinus has not been beaten. When he won the Coventry Stakes on soft ground at Royal Ascot in June he looked like a man among men. On that occasion it was not so much what he beat, but the way that he did it, and how he was so good at the end of the race, that captivated. Since then Solinus has not only won the Anglesey Stakes and the Coventry Stakes, but has also worked extremely well at home.

He will be an extreme tough nut to crack, and he will be my selection. Sexton Blake, who was to have run in the Irish National Stakes on the Curragh last Saturday, but was unable to do so because bad weather prevented the race, would seem to be the one that Solinus has to beat.

Sexton Blake has beaten Labienus and will be meeting him on 4th better tomorrow. Admittedly, it is perfectly fair to make some allowance for the fact that Labienus had no experience of racing when he and Sexton Blake clashed in the Seaton Delaval Stakes at Newcastle, whereas Sexton Blake had run twice before; but it is difficult to envisage Labienus catching him on 4th tomorrow.

Staged on the Curragh he won his last race at Newmarket. The day's best bet could well be Windy Sea, who is my selection for the William Stakes, which raises the curtain on this

Kaldoun and Karosa a big threat to Hawkins

From Desmond Stanham
French Racing Correspondent

Paris, Sept 6

Victor Martin will partner Hawkins for the Prix de l'Arc de Triomphe on Saturday. The Prix de l'Arc de Triomphe is the most important race in France, and it is a big threat to Hawkins. Victor Martin will partner Hawkins for the Prix de l'Arc de Triomphe on Saturday. The Prix de l'Arc de Triomphe is the most important race in France, and it is a big threat to Hawkins.

When Windy Sea won last autumn she beat Petronia by a length, and I can see no reason why she should not beat him again. The Devonshire Stakes ought to be won by that much improved filly, Wind, who nearly beat the useful old handicapper, Burleigh, at Goodwood recently.

The conditions of the Scarborough Stakes certainly suit Ubeddy, but he cannot be relied upon to run as well as he did at York, where he was fourth in the William Hill Sprint championship. Scarcely Blessed has been much more consistent of late, but even she will be meeting King of Macedonia on 6th worse terms than at Goodwood.

STATE OF GOING (official): Doncaster, 10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-1225-1226-1227-1228-1229-1230-1231-1232-1233-1234-1235-1236-1237-1238-1239-1240-1241-1242-1243-1244-1245-1246-1247-1248-1249-1250-1251-1252-1253-1254-1255-1256-1257-1258-1259-1260-1261-1262-1263-1264-1265-1266-1267-1268-1269-1270-1271-1272-1273-1274-1275-1276-1277-1278-1279-1280-1281-1282-1283-1284-1285-1286-1287-1288-1289-1290-1291-1292-1293-1294-1295-1296-1297-1298-1299-1300-1301-1302-1303-1304-1305-1306-1307-1308-1309-1310-1311-1312-1313-1314-1315-1316-1317-1318-1319-1320-1321-1322-1323-1324-1325-1326-1327-1328-1329-1330-1331-1332-1333-1334-1335-1336-1337-1338-1339-1340-1341-1342-1343-1344-1345-1346-1347-1348-1349-1350-1351-1352-1353-1354-1355-1356-1357-1358-1359-1360-1361-1362-1363-1364-1365-1366-1367-1368-1369-1370-1371-1372-1373-1374-1375-1376-1377-1378-1379-1380-1381-1382-1383-1384-1385-1386-1387-1388-1389-1390-1391-1392-1393-1394-1395-1396-1397-1398-1399-1400-1401-1402-1403-1404-1405-1406-1407-1408-1409-1410-1411-1412-1413-1414-1415-1416-1417-1418-1419-1420-1421-1422-1423-1424-1425-1426-1427-1428-1429-1430-1431-1432-1433-1434-1435-1436-1437-1438-1439-1440-1441-1442-1443-1444-1445-1446-1447-1448-1449-1450-1451-1452-1453-1454-1455-1456-1457-1458-1459-1460-1461-1462-1463-1464-1465-1466-1467-1468-1469-1470-1471-1472-1473-1474-1475-1476-1477-1478-1479-1480-1481-1482-1483-1484-1485-1486-1487-1488-1489-1490-1491-1492-1493-1494-1495-1496-1497-1498-1499-1500-1501-1502-1503-1504-1505-1506-1507-1508-1509-1510-1511-1512-1513-1514-1515-1516-1517-1518-1519-1520-1521-1522-1523-1524-1525-1526-1527-1528-1529-1530-1531-1532-1533-1534-1535-1536-1537-1538-1539-1540-1541-1542-1543-1544-1545-1546-1547-1548-1549-1550-1551-1552-1553-1554-1555-1556-1557-1558-1559-1560-1561-1562-1563-1564-1565-1566-1567-1568-1569-1570-1571-1572-1573-1574-1575-1576-1577-1578-1579-1580-1581-1582-1583-1584-1585-1586-1587-1588-1589-1590-1591-1592-1593-1594-1595-1596-1597-1598-1599-1600-1601-1602-1603-1604-1605-1606-1607-1608-1609-1610-1611-1612-1613-1614-1615-1616-1617-1618-1619-1620-1621-1622-1623-1624-1625-1626-1627-1628-1629-1630-1631-1632-1633-1634-1635-1636-1637-1638-1639-1640-1641-1642-1643-1644-1645-1646-1647-1648-1649-1650-1651-1652-1653-1654-1655-1656-1657-1658-1659-1660-1661-1662-1663-1664-1665-1666-1667-1668-1669-1670-1671-1672-1673-1674-1675-1676-1677-1678-1679-1680-1681-1682-1683-1684-1685-1686-1687-1688-1689-1690-1691-1692-1693-1694-1695-1696-1697-1698-1699-1700-1701-1702-1703-1704-1705-1706-1707-1708-1709-1710-1711-1712-1713-1714-1715-1716-1717-1718-1719-1720-1721-1722-1723-1724-1725-1726-1727-1728-1729-1730-1731-1732-1733-1734-1735-1736-1737-1738-1739-1740-1741-1742-1743-1744-1745-1746-1747-1748-1749-1750-1751-1752-1753-1754-1755-1756-1757-1758-1759-1760-1761-1762-1763-1764-1765-1766-1767-1768-1769-1770-1771-1772-1773-1774-1775-1776-1777-1778-1779-1780-1781-1782-1783-1784-1785-1786-1787-1788-1789-1790-1791-1792-1793-1794-1795-1796-1797-1798-1799-1800-1801-1802-1803-1804-1805-1806-1807-1808-1809-1810-1811-1812-1813-1814-1815-1816-1817-1818-1819-1820-1821-1822-1823-1824-1825-1826-1827-1828-1829-1830-1831-1832-1833-1834-1835-1836-1837-1838-1839-1840-1841-1842-1843-1844-1845-1846-1847-1848-1849-1850-1851-1852-1853-1854-1855-1856-1857-1858-1859-1860-1861-1862-1863-1864-1865-1866-1867-1868-1869-1870-1871-1872-1873-1874-1875-1876-1877-1878-1879-1880-1881-1882-1883-1884-1885-1886-1887-1888-1889-1890-1891-1892-1893-1894-1895-1896-1897-1898-1899-1900-1901-1902-1903-1904-1905-1906-1907-1908-1909-1910-1911-1912-1913-1914-1915-1916-1917-1918-1919-1920-1921-1922-1923-1924-1925-1926-1927-1928-1929-1930-1931-1932-1933-1934-1935-1936-1937-1938-1939-1940-1941-1942-1943-1944-1945-1946-1947-1948-1949-1950-1951-1952-1953-1954-1955-1956-1957-1958-1959-1960-1961-1962-1963-1964-1965-1966-1967-1968-1969-1970-1971-1972-1973-1974-1975-1976-1977-1978-1979-1980-1981-1982-1983-1984-1985-1986-1987-1988-1989-1990-1991-1992-1993-1994-1995-1996-1997-1998-1999-2000-2001-2002-2003-2004-2005-2006-2007-2008-2009-2010-2011-2012-2013-2014-2015-2016-2017-2018-2019-2020-2021-2022-2023-2024-2025-2026-2027-2028-2029-2030-2031-2032-2033-2034-2035-2036-2037-2038-2039-2040-2041-2042-2043-2044-2045-2046-2047-2048-2049-2050-2051-2052-2053-2054-2055-2056-2057-2058-2059-2060-2061-2062-2063-2064-2065-2066-2067-2068-2069-2070-2071-2072-2073-2074-2075-2076-2077-2078-2079-2080-2081-2082-2083-2084-2085-2086-2087-2088-2089-2090-2091-2092-2093-2094-2095-2096-2097-2098-2099-2100-2101-2102-2103-2104-2105-2106-2107-2108-2109-2110-2111-2112-2113-2114-2115-2116-2117-2118-2119-2120-2121-2122-2123-2124-2125-2126-2127-2128-2129-2130-2131-2132-2133-2134-2135-2136-2137-2138-2139-2140-2141-2142-2143-2144-2145-2146-2147-2148-2149-2150-2151-2152-2153-2154-2155-2156-2157-2158-2159-2160-2161-2162-2163-2164-2165-2166-2167-2168-2169-2170-2171-2172-2173-2174-2175-2176-2177-2178-2179-2180-2181-2182-2183-2184-2185-2186-2187-2188-2189-2190-2191-2192-2193-2194-2195-2196-2197-2198-2199-2200-2201-2202-2203-2204-2205-2206-2207-2208-2209-2210-2211-2212-2213-2214-2215-2216-2217-2218-2219-2220-2221-2222-2223-2224-2225-2226-2227-2228-2229-2230-2231-2232-2233-2234-2235-2236-2237-2238-2239-2240-2241-2242-2243-2244-2245-2246-2247-2248-2249-2250-2251-2252-2253-2254-2255-2256-2257-2258-2259-2260-2261-2262-2263-2264-2265-2266-2267-2268-2269-2270-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403



-Managerial-Administrative-Secretarial-Personal Assistants-

A real challenge for a PERSONNEL OFFICER

Dun and Bradstreet, part of a dynamic and highly progressive Group which is the World Leader in Business Information Services, employs over 700 people in nine regional offices with headquarters based in London.

Experiments and planned developments throughout the Group have necessitated further strengthening of an already sophisticated and enlightened personnel function.

The current need is for a person who can make an immediate and substantial contribution to the department, be able to display creativity and professional skills as well as of real management material. Applicants should possess high qualifications, strong self-motivation and communication skills, and have a proven record in all levels of recruitment. Likely age range 25-35.

The job function will embrace all aspects of Personnel work but the major responsibility will be to provide recruitment advice and to perform services up to management level for branches in the Birmingham, Glasgow, Leeds, Manchester and Nottingham areas. Although based in London, personal mobility is important as consideration of travel will be required for which a company car is available.

This is a new and important appointment offering ample scope for success within a stimulating environment.

A competitive and realistic salary will be paid in addition to which there are attractive benefits and conditions of employment including profit sharing.

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ROME SECRETARY £5,500 NETT

We are an international civil engineering company requiring a top level secretary for our office in Rome.

The successful applicant must have a highly developed knowledge of written and spoken English and the ability to transform ideas of staff who speak only adequate English into well written business letters. Some knowledge of contract law would be useful and ideally the successful candidate should have had some legal training or background. Apart from the need for fast shorthand and typing capabilities we are looking for someone with initiative and flexibility.

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Please telephone Rob Bull on 01-741 5401 or write for an application form to Bechtel International Limited, Bechtel House, 245 Hammersmith Road, London W6 8DF.

Chairman's Secretary

Advertising W.C.1

An accomplished Audio Secretary is required by the Chairman of a major advertising/communications group with offices in Holborn.

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Open to both Male and Female.

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The appointment would appeal to either recent graduates able to produce typewritten schedules, or secretaries wishing to become involved with Planning work. Shorthand and speedwriting an advantage. Salary £3,500 p.a. plus excellent benefits.

Please apply in the first instance to:
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Tel: 01-232 1234



PA/Secretary c. £4,500

Our client is a successful Arab trading company based in Abu Dhabi and now requires a top class Personal Assistant/Secretary for its new London office.

Candidates must be used to working on their own initiative at Director level, have outstanding shorthand, typing and telex skills along with the personality and appearance necessary to mix at all levels within an international environment. Languages would be an added advantage with the preferred age range being 25-35.

The salary is truly negotiable around £4,500 p.a., but could be substantially higher if justified, and there will also be considerable opportunities for world travel. Interviews will be held in London during the first half of September and full personal details should be sent in confidence to John Anderson, as Advisor to the company.

John Anderson & Associates,
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Secretary-Emirtel

The Emirates Telecommunications Corporation (Emirtel) was set up in 1976 to operate all telecommunications services to the United Arab Emirates. The British Companies providing services to Emirtel have recently opened a London based liaison office and the Executive Manager needs a self-reliant Secretary who would enjoy involvement in the many interesting aspects of the work.

Applicants should be able to use telex and copying machines, assist with accounts, have typewriting and shorthand speeds of 50/100 w.p.m., and be able to converse with people at all levels.

This is an ideal position for a mature person who is able to use own initiative. It would particularly suit someone with background knowledge of telecommunications and/or of the United Arab Emirates. In return we offer Conditions of Service commensurate with a large organization which include a starting salary of £3,500 per annum, 4 weeks' annual leave, and a 38-hour week. The location will initially be in the Holborn area, pending new Central London offices being set up.

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Tel: 01-242 4433, extn. 4008

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between ages 22-40. Ability to travel worldwide essential. Applicants must have smart appearance, charming personality and self assurance. A second language advantage. Successful applicants will receive thorough training, overseas expenses paid and remuneration according to capability.

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Audio or Shorthand around £3,800 a.e.

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DIRECTORS' SECRETARIES
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SECRETARY/P.A.-E.C.1, c. £3,800

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A vacancy exists for a competent secretary to work for the Deputy Chairman of a City Finance House with interests in many other fields.

Applicants should possess superb secretarial skills and be used to working at board level in a professional environment. A working knowledge of French language would be an advantage as would a current driving licence. It is envisaged that the successful candidate will be over 25 years of age, able to work calmly under pressure, and positively seeking career progression in a stimulating atmosphere.

Applications in strict confidence.

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This Private Hospital, recently opened by H.S.H. Princess Grace of Monaco, requires the following staff. Medical Terminology not being required:

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1. For Administrator
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These interesting posts call for applicants who not only have first class secretarial skills, but have excellent organising ability. The job involvement in both these posts is at the Nerve Centre of the Hospital, providing for the use of good P.A. experience. Commencing salary £3,300-£3,500 p.a. in highly subsidized luncheon facilities.
Ring Miss Howell, 01-487 5171 or 487 5297

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We are importers of components for the radio, T.V. and electronic industries, and require a

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for our Managing Director. Very interesting work dealing at top level with customers and suppliers. Speed and accuracy essential.

Salary around £4,000
Please write to 'phone Mr. H. Gossler (Junior)

Reliable energetic P.A.

Interested in dealing with people required to assist director of small S. London Staff Agency.

Salary £3,500 negotiable. Shorthand not essential. Telephone 582 8643/KIM (G.B.)

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Are you the true P.A. secretary who enjoys working in a busy office as part of a very important team? If so, we have a fantastic opportunity for you. The rewards of a very important team. The rewards of a very important team. The rewards of a very important team.

Senior Secretaries 173 New Bond Street W1Y 9PB 01-493 0092-01-493 5907

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Sec./P.A. mid 20s to product manager. Salary £3,000.

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The Exchange Telegraph Company Limited

requires a Personnel Assistant c. £3,700

We are the operating company of a diverse group of companies who employ some 2,300 people in various spheres of the communications industry.

We are looking for a bright, intelligent person to work in our central personnel department which is located at our head office between Fleet Street and Holborn. The work will cover most aspects of salary and wage administration as well as general personnel administration.

Applicants, who must be competent shorthand typists and preferably be aged 22-28, should have good academic qualifications, particularly in respect of English and Mathematics. Absolute accuracy and attention to detail are more important in this post than previous personnel experience. Experience in an administrative capacity would be an advantage.

Please telephone for an interview, to:

MISS A. REDMAN,
THE EXCHANGE TELEGRAPH CO. LTD.,
EXTEL HOUSE, EAST HARDING STREET, LONDON EC4P 4HB
TEL. NO. 01-353 1050

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The company, The Thomson Organisation Ltd., has interests in North Sea oil, newspaper, book and magazine publishing and holiday travel.

Benefits include generous salary, lunch vouchers and 5 weeks' holiday. Please ring or write to:

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Large American Company who control prestige hairdressing and beauty salons throughout the country need a competent person with management experience to work with the account Executive in supervising and controlling the salons. The successful candidate will be efficient and preferably have experience in the hairdressing and beauty industry. Must be able to travel and free to travel. Age 25-35. Salary £6,000-£7,000.

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01-493 0092-01-493 5907

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required for the Ambassador of the Iraqi Embassy in Kensington. Previous embassy experience preferred, but not essential. Hours 9 a.m.-4 p.m. Salary negotiable. Please telephone Miss Cleynon on 01-584 7141, ext. 55 for interview, when further details will be available.

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If you are 25+ with a stable financial background around call Eileen Anderson today on 734 0911.

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Required for small but progressive company in London. Must have first class secretarial skills, experience, initiative and pleasant telephone manner.

Salary negotiable £4,500 upwards
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SECRETARY

West London
The Managing Director and Financial Director of a national company are looking for an experienced Secretary with first class shorthand and typing skills (100 w.p.m. each), excellent telephone manner, some knowledge of French/German an asset but not essential. Salary negotiable. L.V.

Please apply to the Personnel Department
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Forget the stuffy jobs. We are looking for someone of unusually high ability with a developed sense of responsibility to work in our beautiful country-house surroundings.

We are a rapidly expanding ethical pharmaceutical company so an interest in the medical field would be advantageous. In our small friendly environment the work is demanding but the corresponding scope for job development, creativity, and advancement is considerable.

Impeccable secretarial/P.A. skills and experience and advanced education are minimum basic requirements. An aptitude for marketing will help the successful candidate assist the directors in planning and implementing continued growth of the product range and sales. Own car useful for attending medical meetings. Age range mid 20s to 30s. Top salary will attract the right person.

Write in confidence with full cv to Ref. MY/8.
DERMAL LABORATORIES LTD.,
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DIRECTOR'S SECRETARY

We are seeking an experienced (25-35) secretary to look after the varied and sometimes highly demanding work of our Director, who heads a publicly sponsored consultancy organisation operating in U.K. and overseas in the field of training, management and organisational development. Excellent secretarial skills are necessary together with a liking for close involvement with current projects and a talent for adaptability. Starting salary around £3,500, generous holiday allowance. Pleasant office conditions, close to all West End shopping and travel facilities.

Please write with brief career details and age to:
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Staff Consultants

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Ideal opportunity for person who is independent and likes to use initiative. Needs a first class secretarial skills, experience, initiative and willing to relocate in France or Switzerland with occasional travel.

Dr. Binder,
Hotel Quaglino's, 01-930 6767 or
Write: De-Technology Systems (L.T.R.),
P.O. Box 113, 6 Munich 1,
West Germany.

MORE APPOINTMENTS APPEAR ON PAGE 12

Lord Greenhill recalls the spies in the Washington embassy

The day Kim Philby put in a good word for Guy Burgess

The late Tom Driberg wrote of Guy Burgess in Moscow. A word about him in Washington may be of interest now that gossip about the famous defector has been revived. My own knowledge of Burgess is confined to the few months he served with me as second secretary at the British Embassy in Washington in 1952. I had seen him slouching about the Foreign Office earlier when he was political private secretary to the popular and well intentioned Hector McNeill. In the current debate about the wisdom of allowing ministers to import personal advisers to Whitehall, it is as well to recall that Burgess was by a trick of fate one of the earliest examples.

The news that he was to be appointed to Washington was received with no enthusiasm in the embassy there. Various attempts were made to fend him off by those who had some personal knowledge of him. Since he had by then become an established member of the junior branch of the Foreign Service, objections were not accepted by the authorities in London. We were told that he was especially interested in Far East affairs and it was hoped he could work on them in the Washington chancery. The counsellor in the embassy concerned with these matters, although overburdened, refused point blank to have him as assistant. The result was that he was posted to me as my assistant in the Middle East. I had no particular reason to refuse but also no particular need for a helper. Albeit reluctantly I fell in with the proposal.

Shortly before Burgess's date of arrival, Kim Philby, then also serving in the embassy, advised me to accept him in my room. Knowing Burgess's secret activity and his personal habits, he was doubtless uneasy as to how he would fare in his new surroundings. Did I know Burgess? He would like to give me some background since Burgess was deserving of special sympathy and consideration.

He explained that they had been at Cambridge together. Burgess had been an intellectual prodigy. A golden future had been predicted. Things, however, had subsequently

gone wrong. Brilliant promise had not been fulfilled. Burgess had unaccountably fizzled out.

When he turned up he was even more unattractive than I remembered. In his tobacco-stained fingers there was a perpetual cigarette, the ash from which he contrived unerringly to drop in the centre of one's papers. Beneath his blotchy face there was more often than not an old Etonian bow tie of which he was inordinately proud and to the uniqueness of which he constantly referred.

He expressed at once a total disinterest in the Middle East, and I soon abandoned any attempt to involve him in my work. He complained of being a martyr to sinus, but his symptoms were indistinguishable from those of a heavy and persistent hangover. He lodged with Philby, and the pair of them must have been a constant burden to Philby's delicate Irish wife, already ailing and soon to die.

Nevertheless, his conversation was always entertaining and sometimes of arresting interest. He was at his most congenial slumped on someone else's sofa drinking someone else's whisky telling tales to discredit the famous. The more luxurious the surroundings and the more distinguished the company, the happier he was. I have never seen a name-dropper in the same class.

Not long after his arrival he had acquired a huge 12-cylinder Lincoln convertible. He had long had his eye, he said, on such a car, and he drove it with the fury of a Mr. Ford. In the end it was his undoing. The problem of how to employ him at the embassy was eventually solved. President Truman sacked General MacArthur and the embassy was attributing his fall to British influence. The ambassador rightly said that those that were rational and temperate would be answered in a similar vein. Burgess was devoted to the job. He sat for some weeks in a haze of cigarette smoke in a small office reading and rereading the growing pile of letters. They were obviously making an increasing impression on him. I believe he was deeply troubled by the whole incident of MacArthur's sack-



Burgess, left—"an intellectual prodigy" and Lord Greenhill.



ing, which did not accord with his preconception of US Far Eastern policy. He told me that he wanted to write a personal letter to Donald Maclean, who was then Head of the American Department at the Foreign Office and, unknown to us all, deep in his treasonable role.

He spent weeks on this letter and in the end showed me a messy draft. I was regretfully uninterested and I do not know whether this letter, which had so much preoccupied him, was ever sent. I remember thinking that the letter did not seem to justify his long gestation, and my recollection now is that it was unexpectedly favourable to Truman's policy.

It was about this time that Burgess's Lincoln was beginning to get him into serious trouble. Frequent tickets for

outrageous speeding culminated in a fully justified complaint to the Ambassador from the Governor of Virginia. It was decided to pack him off home in disgrace.

In the light of his subsequent flight with Maclean, his conduct at this time is interesting. He came straight to my room after bearing his sentence from the Ambassador. He was apparently boiling with rage. He had been told that he "lacked judgment". Who did the Ambassador think he was to speak of him in such terms? I thought of Kim Philby's sketch to me of the disappointed undergraduate prodigy. His pride clearly had been badly hurt. When his anger died down, he admitted he had failed in Washington. He really did not mind going home, but it would be embarrassing to tell his important

friends the truth. He admitted that before he had left London, he had boasted of his appointment and told them all that soon he would be mixing with Dean Acheson and so on. Yes, he said, it would be awkward.

Then there was the question of the Lincoln. Import to the UK for a US car was then virtually impossible. How could he get round that? He would be lost without it. Would I help him on this, or at least keep an eye on the car when he had gone?

On that afternoon my thought of flight seemed far from his mind. Perhaps it was a deliberate deception. If it was, I, like so many others, was fully taken in. Lord Greenhill was formerly Head of the Diplomatic Service. Times Newspapers Ltd. 1977.

Can the social services stand yet another local authority reshuffle?

Many people feel that structure has been put before service

Services have good reason to fear a further reorganization, and the immediate reaction of the Labour Party draws its justification for a fresh and total look at the still fledgling structure in its recently published consultation document *Regional Authorities and Local Government Reform*.

The new proposals do not stop short of a regional tier, but threaten the basic pattern of English shires as it has existed since the Norman Conquest. The problem for the counties is that, with districts below them and regions above, they are likely to find themselves both awkwardly sized and squeezed for powers. Many existing districts, it is conceded, would be too small to serve as all-purpose authorities, so the proposal is that they should be restructured into communities with average populations of a quarter of a million.

Unlike the counties, the districts are modern creations and, although the Association of District Councils was laudatory of the proposals, many local councillors would welcome the enlarged territory and, more particularly, the wider powers that are suggested for them.

The most obvious beneficiaries would be the small number of large cities whose identity was lost into a surrounding county and who continue to yearn for something approaching their old county borough status. For these—Bristol, Derby, Nottingham, Hull and others—the Secretary of State for the Environment had already proposed a return of education and social service powers, in advance of, perhaps now as a first contribution to, a more general national reorganization.

Workers in the social ser-

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The EEC must agree on a common policy to save stocks in Community waters

Controlling fishing while we still have some fish to catch

Throughout the north-east Atlantic, most stocks of most species of fish have been overfished, despite attempts at international control. More and more effort put into fishing has harvested smaller catches of smaller fish and wiped out some stocks altogether. The current negotiations to recast a European policy for sea fisheries provides a clear test for the effectiveness of the EEC in solving the harder problems common to its member states.

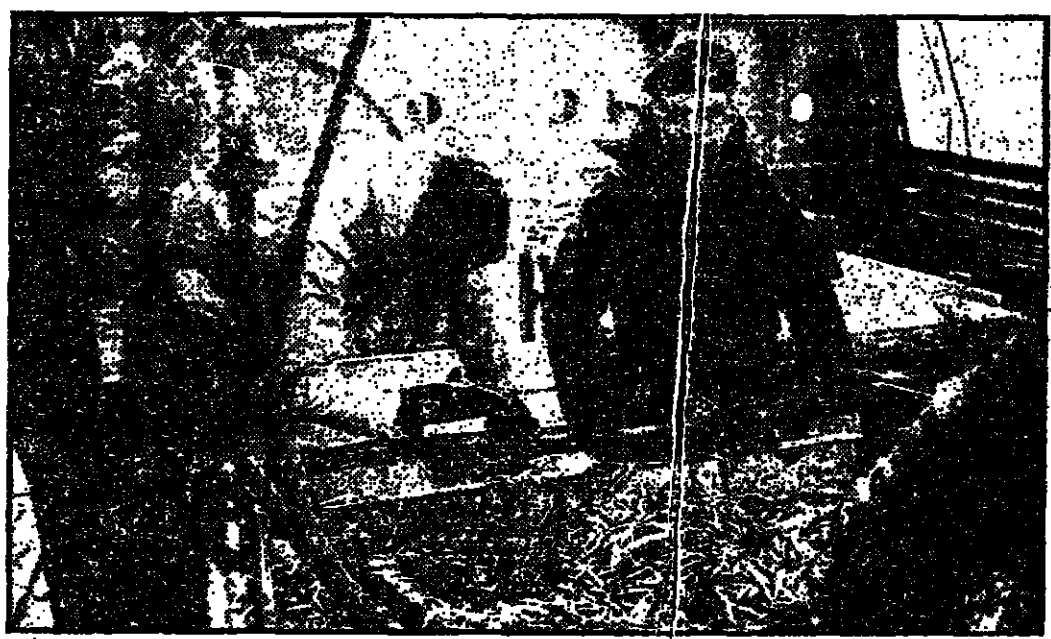
The twin goals of our policy should be to secure a maximum supply of fish at a reasonable price, without man-made fluctuation from year to year; and to safeguard and, if possible, improve the well-being of the fishing communities.

At national levels, fishing is not of prime importance to countries of the EEC. In our own case, for instance, it contributes less than one quarter of a per cent to our gross national product. But locally, where the fishing is based, it can be crucial for the livelihood of remote communities. Many of these would not be viable without fishing unless they had huge subsidies, at best a poor substitute for indigenous productivity. In Shetland, for instance about 30 per cent of jobs depend on fishing and the processing of fish.

Present EEC conservation policy is based mainly on a system of allocating a quota for the total catch to be allowed for a species. An alternative system is to control the effort that will be allowed to be put into attempting to catch fish. Both systems share the need for a scientific assessment of how many fish will be there during the coming season, based mainly on the record of what has been caught in the past.

How many vessels?

But the effort-quota system has three main advantages. First, it both reduces costs to the industry and makes these costs more easily predictable (so profits can be higher or prices lower or a bit of both and so the appealingly long working week of fishermen can be reduced without sacrificing productivity). Second, it tends to have a self-regulating effect on the stocks of fish; if there are more fish than had been predicted then a larger harvest can be gleaned; but, if there are fewer fish, then a given amount of fishing effort will catch fewer of them and the



Fishery protection officers at work: Britain's policing has been successful this year.

stock will not be overfished as it would have been with a catch quota. And third, and most important, effort quotas would be relatively easy to enforce, and their enforcement would be apparent.

Catch quotas rely on each country accurately reporting performance and implementing regulations in the fishermen's home port. Doing this is against the national interest,

and the long history of this type of quota has been a disastrous one. No fisherman will readily accept regulations that he knows can only too easily be avoided by others. Effort quotas have been successfully policed by the United Kingdom this year. They are relatively easy to enforce where boats are registered (as are those of Spain and Russia when in EEC waters). Thus a fisheries patrol can know at once, without having to board a suspect vessel,

whether it is fishing with or without permission.

This system could work within the EEC, as well as in its dealings with third-party nations. If all the fishing boats of the Community above a certain size were licensed. For management purposes, the EEC waters could have to be divided into maritime regions. The fish of each region would be conserved by allowing a specified number of vessels to fish for a given number of days, depend-

ing on the state of the stocks; also needed are regulations about mesh size, species allowed, and so on. Some migratory species, like herring, would need joint management between neighbouring regions, and the boats fishing for them would obviously have to be allowed to move with the fish.

Encouraging cooperation

The detailed year-by-year arrangements for fishing in each region would follow Community-wide strategy, but involve representation of the local fishing communities so as to make decisions realistic and to encourage cooperation among fishermen in a locality. First priority for fishing within a region should be for vessels from local ports and second priority for vessels from regions (irrespective of nationality) where the fish stocks were at the time unable to support much fishing.

Other factors to be taken into account in deciding priority should be the extent to which the livelihood of a vessel's locality depends on fishing; and also what the fish will be used for. Fishing for the production of fish meal must not be allowed to conflict with fishing for food. Industrial fishing for some species such as Norway pout kills off huge quantities of young fish of other species

that we could eat if they were allowed to grow. In some years more than 100,000 tons of baby haddock have thus been turned into fish meal.

The amount of fishing must be reduced. EEC funds can cushion the hardships that result in the short term, but we can be sure that less fishing will eventually lead to larger harvests of bigger fish—as the two world wars proved. After each period of enforced abstinence, there were huge catches, which fell again as uncontrolled fishing depleted the stocks.

If such a policy is agreed, and is put into such effective operation that it wins the confidence of the fishing communities, then a new exclusive national waters would be needed. The EEC aim (so dear to the French) of community-controlled fishing "up to the beaches by 1982" could then be realized. More important still, non-EEC states like Norway, Iceland and Faroe might find it attractive to coordinate their own fish management with ours. This would help greatly towards rational control of migratory species such as herring. Some herring stocks spend part of their lives in Norwegian waters and part in our EEC sector of the North Sea. Might Norway then feel free to strengthen the EEC by joining it at last?

John Godfrey
The author is a lecturer in the Department of Zoology at the University of Edinburgh.

A memorandum on style

The words relating to inflation need to be treated with the greatest care. They all refer primarily to the rate of increase or decrease in the supply of money and by extension to the effect of changes in the supply of money on prices.

Inflation means that the supply of money is being increased and prices are rising, as is happening at present.

Hyper-inflation means that the money supply is being increased very rapidly and should not be used unless the supply of money or prices are increasing at an annual rate of 20 per cent or higher.

Deflation means that the supply of money is being reduced or that prices are falling.

Reflation means that the supply of money is being restored to a higher level after deflation has occurred.

In present circumstances deflation is extremely unlikely and until deflation has occurred refraction is logically impossible. The phrase "a refraction of the economy" or "refraction to refraction" should therefore be avoided. The Government is under pressure from some quarters to increase the rate of inflation of the money supply. This should be referred to as such, as increased inflation or higher inflation, and should not be referred to as refraction.

W. R. M.
This memorandum has been reprinted on The Times.

Our man at the National is not Poe-faced

I went along to the National Gallery yesterday to look at a sinister gentleman. At least, they told me he was sinister. He turns out to be nothing of the kind. He is sad and ruminate; worried perhaps. In features he looks uncannily like Colin Chapman, the BBC's business correspondent, and nobody would suggest that he is sinister, I hope.

But I think I can see why the gallery's press office thinks their man looks sinister. The black cap and black robe make him appear like something out of Poe. But, whatever the sociologists may say, a man is not what he wears.

As we paid £550,000 in July for the man at the National Gallery, the least we can do is go along to the newly decorated Room 8 and see what we have paid for.

Inevitably, there is a slight feeling of déjà vu, for Parmigianino's Portrait of a Collector has been on view in the gallery before. But then we can do as along to the newly decorated Room 8 and see what we have paid for.

Good news from Swan Lake

There is good news from the Serpentine. In previous years this diary has sadly reported the terrible toll of cygnets on the lake taken by careless anglers' abandoned lines and hooks. The young birds suffered atrocious mutilations from swallowing them, eventually dying of their injuries or of malnutrition caused by blocked throats.

Warning notices and pleas for greater care issued with every fishing permit proved of no avail, but this year the three cygnets hatched in Kensington Gardens are still flourishing.

The reason is that the park keepers have been able to confine them to Longwater, the part of the lake on the Kensington side of the bridge far from the south-eastern corner where the fishermen, by ancient tradition, congregate. By next month, when they will be able to fly into the danger zone, it is hoped the birds will be strong enough to cope with the hazards.

I regret to say that some anglers remain culpably negligent. A dozen ducks have been

Chateau Nazi

Nostalgia for the dead days of Nazi Germany is getting out of hand when it starts going to your head. Bottles of moustache are on sale in Bavaria with on the label, the words: "Dedicated to the 37th birthday of our Führer, Adolf Hitler, born on April 20, 1889" and "Ein Volk, Ein Reich, Ein Führer: 13 März 1938".

That year was the year of the Anschluss.

Socialist Challenge, in its latest issue, has this headline: "There is an alternative to nuclear power." Underneath, are the words "Arthur Scargill".

Plain man's guide to plonk

Plonk is what the Italians drink instead of tea and the owners of those fine French vineyards drink with their lunch. It is what you and I drink most of the time and is now the subject of a sparkling, yet precocious, little guide written by John Baldwinson.

The book, issued by Coronet at 75p, is a price substantially lower than the price of a bottle of its subject matter, is called *Plonk and Super Plonk*. Essential reading, clearly, for those of us who are bursting to know the difference between a Bar-

baresco and a Beerenzauslese, a Martovodol and a Monopole. It will also come in handy for those looking for the odd tasting on such diverse matters as Barley Wine ("not a wine at all but a very strong beer. God knows why they don't call it that.") Corkscrews ("a most important matter for wine drinkers... An Australian corker is the top of a brick wall." Or wine for investment ("Please don't. For one thing a lot of people have gone broke trying it... For another thing the stuff has been lovingly made to be enjoyed.")

To celebrate its unbroken run. A German bomb apparently came near to stopping this, when a direct hit on the Plymouth printers destroyed all copies of one of the May 1944 edition. But staff managed to edit and print an emergency issue within a few days.

Stamping ground

Fifty years ago Stanley Gibbons launched their magazine *Gibbons Stamp Monthly* with a stirring assertion that the appeal of their hobby would not be dimmed by those new-fangled rivals the cinema and wireless broadcasting. "The maximum, though unconscious, effort of the screen and the microphone to wean stamp lovers from their philatelic allegiance has been without effect," they said.

Yesterday, the magazine held a small lunch in the Waldorf

Trouble brewing for Mr Dick

I told the story last week about the Carter axe that is poised above the head of the United States Government's official tastemaker. Nothing personal on the part of the President, you understand, just a way of clearing away the undergrowth of bureaucracy.

I can now reveal the identity of the reluctant man whose job is in jeopardy. He is Robert Dick; he is 63 and he earns \$27,000 a year for tasting about 150 cups of tea a day.

He has already survived one attempt to put him out of business. It happened under President Nixon in 1970, he says.

"Someone sold him the idea that they were going to save Mr Callaghan's job by making him a tea tastemaker. The Prime Minister was going to Essen for what is being described in the German press as the greatest Schmidt gathering of all time. It does not matter how they spell the name—Schmidt, Schmitt, Schmid or Schmied; they are all recognized as members of the same clan, and thousands of them are expected at the get-together which will provide the highest point of Essenwoche, one of the jolliest of the Ruhr festivals.

Toronto Transport Commission is telling its passengers in advertisements that they should say "mep" to people who stand in front of doors or black passages. A folder distributed to employees explains that saying "mep" is easier and more polite than "move your hock".

him a million dollars by eliminating the whole tea act. Under the Act, a board of seven men, skilled in the examination of tea, met once a year to select tea that met the minimum standard of quality.

Mr Dick is the board's only full-time member. The others get a token \$50 for their annual sipping.

Nothing came of the Nixon move and Mr Dick is confident that nothing will come of Mr Carter's. The White House needs the consent of Congress to put his board out of business. And he doubts that Congress will oblige.

Mr Callaghan will find himself in a sea of Schmidts on Friday. During a break in his Bonn talks, the Prime Minister will be going to Essen for what is being described in the German press as the greatest Schmidt gathering of all time. It does not matter how they spell the name—Schmidt, Schmitt, Schmid or Schmied; they are all recognized as members of the same clan, and thousands of them are expected at the get-together which will provide the highest point of Essenwoche, one of the jolliest of the Ruhr festivals.

في امان الاله

Republic of Korea

In February The Times published a Special Report which concentrated on political, military, social and cultural aspects of life in South Korea. This report, its sequel, takes as its focus the economy in the light of the new five-year plan

On other pages

Foreign trade; machinery; electronics II Agriculture; finance; transport; map; electricity VI
Shipbuilding; steel; petrochemicals IV Manpower; profile of Chung Ju-yung;
Textiles; cars V pollution; Seoul VII

Fast escape from the poverty trap

by Simon
Scott Plummer

The economic rise of capitalist countries with populations of East Asian origin is one of the phenomena of recent history. The leader was Japan, whose gross national product now stands behind only those of the United States and the Soviet Union. Singapore, Hong Kong, Taiwan and South Korea have followed, albeit on a much smaller scale. Since the rise in oil prices and the subsequent recession, Japan's rate of growth has fallen—it was 5.3 per cent last year—and the running has been taken up by Hong Kong (16.2 per cent rise in 1976), South Korea (15.5 per cent), Taiwan (11.8 per cent) and Singapore (7 per cent). On present showing, South Korea will be out in front this year with an increase of about 10 per cent.

The economic achievements of the southern half of the Korean peninsula over the past 15 years are among the most remarkable by any country in any century. When Korea was divided at the end of the Second World War, the north came out with most of the heavy industry, 70 per cent of the mineral production and more than 90 per cent of the electric power. The south was left with agriculture and textiles. To these inauspicious beginnings was added the devastation of the Korean war. In the late 1950s, the poverty in rural areas was such that at certain times of the year peasants were forced to eat grass and weeds. Conditions were comparable to those in India and there seemed little likelihood that they would improve.

Escape from this poverty trap came after General Park Chung-hee had seized power in a coup d'état in 1961. In the five years before the launching of the first economic development plan in 1962 the economy grew by about 5 per cent a year. From 1962-66 the rate was about 8 per cent, from

1967-71, 10.5 per cent, and from 1972-76, nearly 11 per cent. The volume of exports, the spearhead of this advance, rose by 34.6 per cent a year during the first three plans.

By the end of 1976 gnp, in present prices, was worth \$25,075m (£14,578m) compared with \$2,271m in 1962; and per capita gnp \$700 (£497), compared with \$87.

In the words of the World Bank: "The sustained high rate of expansion in incomes over 15 years has transformed Korea from one of the poorest developing countries with heavy dependence on agriculture and a weak balance of payments financed almost entirely by foreign grants, to a semi-industrialized middle-income nation with an increasingly strong external payments position."

The growth of gnp in 1976, 15.5 per cent, was second only to that of the boom year 1973, and led the Government to upgrade targets for the period 1977-81. According to the present plan, gnp will rise by an average 9.2 per cent a year to reach \$38,600m (£33,507m) in 1981. Gnp per capita will be \$1,512 (£874).

The most rapid expansion will be in machinery, electronics and shipbuilding industries, with the aim of providing employment and increasing the variety and value of exports. The show-piece of this drive is a vast industrial estate under construction at Changwon in the south, which is expected to include more than a hundred machinery plants by 1981. At that stage, according to experts, the range of machinery made in Korea will be comparable to that produced in Britain.

The present plan has got off to a good start. Exports for the first seven months of 1977 were worth \$5,503m (£3,180m) and should top the \$8,000m mark, as desired, by the year's end. Foreign exchange holdings amounted to more than \$3,503m (£2,025m) at the end of June, more than double the level in 1975.

Plan targets have been revised upward again, this

time unofficially, in order to reach the 1981 figures a year in advance. This means annual growth of more than 10 per cent and a rise in the ratio of gross investment to gnp from 26 per cent to 31 per cent.

Defence considerations lie behind the latest changes. Over the next four to five years 33,000 American ground troops will leave Korea—6,000 will have gone by the end of 1978—and the Government must compensate for their loss by strengthening its armed forces.

Defence expenditure takes 33.8 per cent of the 1977-78 budget and is equivalent to about 6 per cent of gnp. If the United States Congress approves loan credits to Korea it is expected that the Government will buy about \$7,000m (£4,046m) worth of arms over the next five years. Some commentators estimate that defence spending could rise to 10 per cent of gnp.

Sustaining an economic miracle based on exporting will require ingenuity and flexibility at a time when developed countries are introducing protectionist policies.

Dr Kim Jae-ik, Director of Planning at the Economic Planning Board (EPB), said the state of the world market was a stronger determinant of Korean success than native capability. However, he thought the impact of trade barriers had been exaggerated; one should look at the value rather than the volume of foreign sales.

South Korea cannot expect to increase its exports indefinitely without granting easier access to its own market in return. At present the Government works on the general principle that if something is made in Korea it cannot be imported, unless the foreign product is better than, or different from, the domestic one. The need to liberalize imports is recognized in the fourth plan and in recent months tariffs on 30 commodities have been lowered and restrictions on import licences eased.

However, foreign observers see much of this as

window-dressing. They point out that the transferring of some items from a banned to a restricted category means little as they were already being imported when listed as banned. It is hoped that the achievement by Korea of a surplus on current account—of \$1,100m (£636m)—during the first seven months of this year will prompt a more significant lowering of import barriers.

If protectionism is the main threat to the success of the fourth plan overseas, inflation is internally. The rate has come down sharply since 1975, to 9.1 per cent for wholesale prices and 10.1 per cent for retail prices for the year ending last June. However, money supply, through which the Government hopes to control inflation, rose by about 34 per cent in the year ending last May. It is hoped to reduce this to 28 per cent for 1977, 3 per cent higher than originally intended. Reconciling the imperatives of boosting investment and containing inflation may be the most difficult task facing Korean planners during the present plan.

Few would deny that South Korea is well equipped to deal with such complexities. An American with long experience of the country said that eight years ago planning ability was low; now it was as high as in his own country. Military experience, the introduction of modern management techniques to Korea by foreign companies, and post-graduate training in the United States had all contributed to the transformation.

A notable feature of Korean planning is the number of agencies involved in it. As well as the Economic Planning Board, there are the Korean Development Institute, which has recently started work on a 15-year planning process, the Economic Ministers' Committee, the Vice-Ministers' Conference and the Economic and Science Council. One student of the system said its strength was bureaucratic redundancy; with so many agencies working on the plan the risk of bad blunders was minimized.

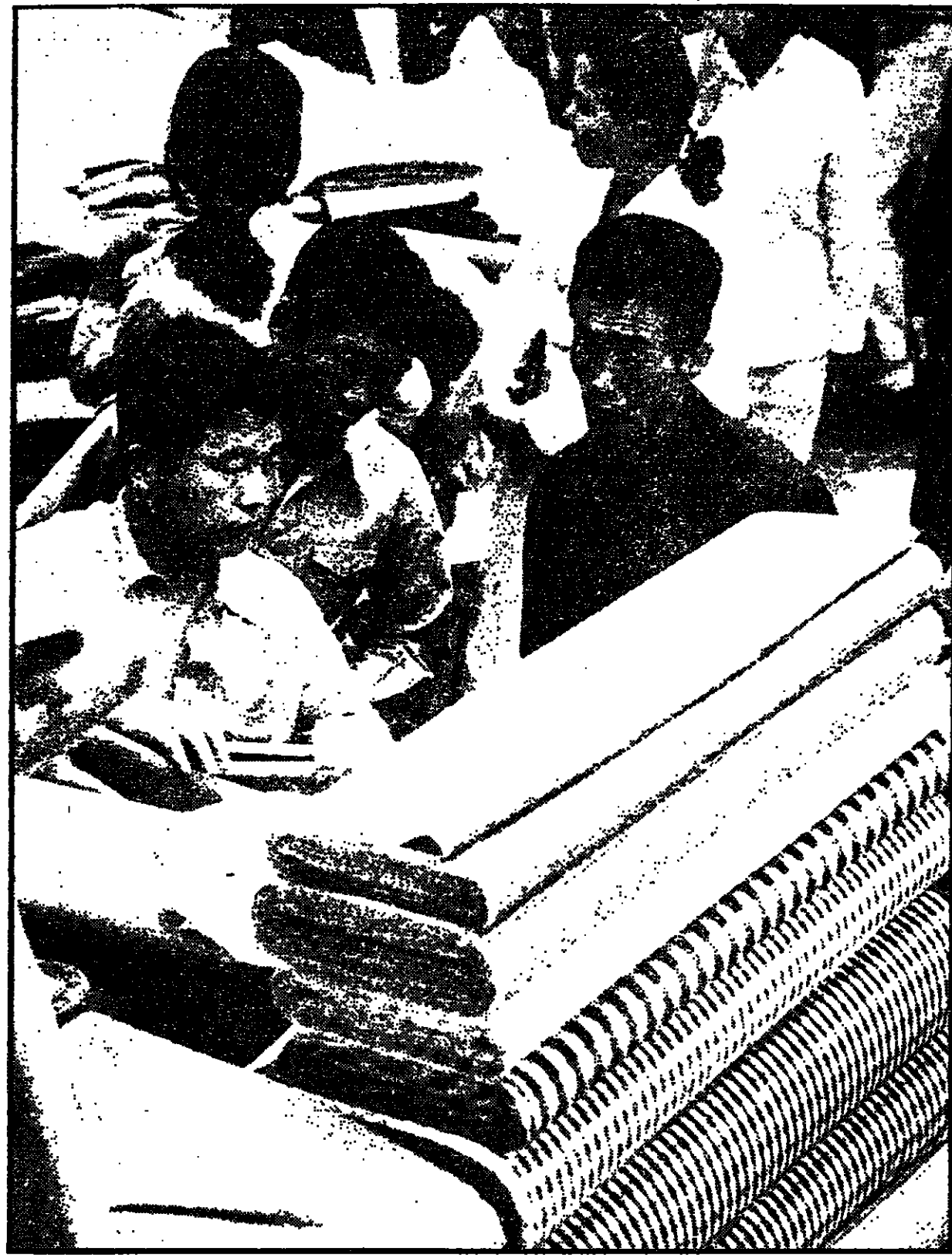
However, there is no doubt that the EPB calls the tune. Although it describes its role as indicative planning, it is more interventionist than that. An idea of its authority was given when the Central Bank announced that money supply would rise by 20 per cent a year and was promptly compelled by the EPB to alter the figure to 25 per cent.

The man in charge of planning in South Korea is Dr Nam Duck-woo, Minister of Economic Planning and Deputy Prime Minister, who has a doctorate from the University of Oklahoma. He works closely with Dr Kim Jae-ik, Director of Planning at the EPB, who has a PhD from Stanford University in California.

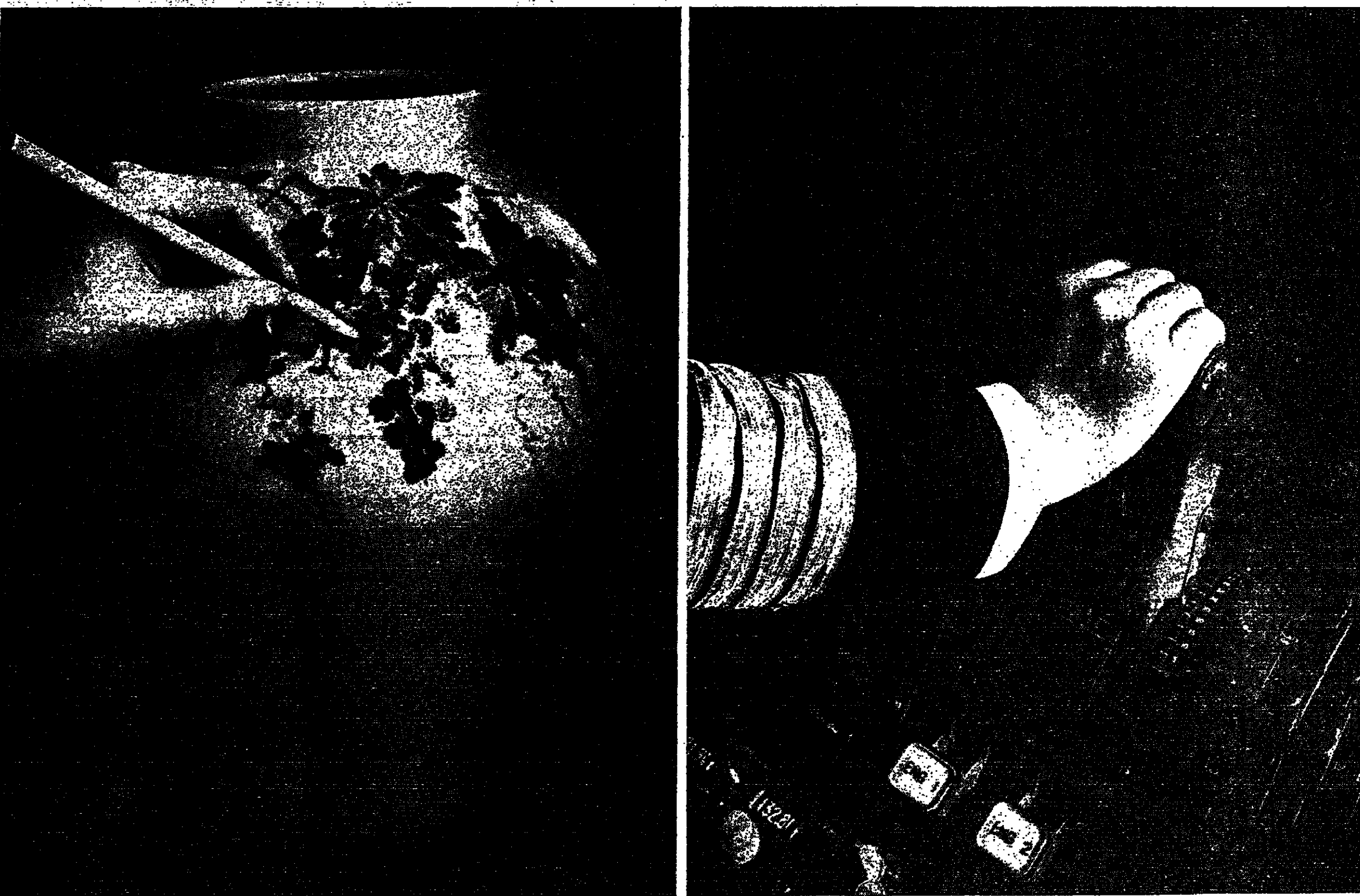
Both men rely on political support from President Park and it is said that Dr Nam has never lost an argument with the President if he can present sound economic grounds for it. The President has a monthly meeting with the EPB and visits each ministry and provincial capital during the year.

Korean planners favour liberalization of imports, reduction of subsidies, at present granted mainly to agriculture and the car, caprolactam and aluminium industries, and decentralization of decision-making, in order to reduce corruption.

Implicit in these aims is the desire of young, highly educated men with experience of the Western world to create a more open society. However, there are few signs as yet that this is on the way. President Park keeps a tight hold on the country and most Koreans seem prepared to forgo civil liberties if he can continue to provide political stability and rising standards of living.



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Balance of payments surplus for first time

by Kim Jin-hyun

The obsession with export which held South Korea in a vice-like grip in the past 15 years is finally loosening. The Government in Seoul no longer feels that the country's annual export target must be reached or it will lose face. This is not necessarily because of a fresh pre-occupation with the phased withdrawal of United States ground troops.

The export fever has disappeared even though this year, with a targeted export of \$10,000m could be a milestone, like 1964, when Korea first achieved an annual export of \$100m. The almost daily newspaper articles about quotas and other import restrictions threatened or imposed by advanced countries on Korean products do not shock or anger the average man in the street in Seoul as they could have done only a year ago.

During the past 15 years South Korea never failed to hit or exceed its annual export targets except in 1975 during the worst days of the global recession brought about by the oil price rises. Consistent success has bred a sense of confidence, a conviction that targeted exports will be fulfilled.

Another cause of the universal equanimity is probably the awareness that the foreign import curbs are not something that can be dealt with by a unilateral export drive on Korea's part. Common sentiment, both in government and industry, appears to favour a low profile in a period of hostile market reaction abroad.

South Korea does not need to be disturbed by unfavourable export performance. For the first time in the history of the republic it is expecting a current account surplus. Already by the end of June it ran up a net surplus of \$933m. This is a dramatic change from an annual deficit of \$2,000m for 1974-75 and \$280m for 1976.

Foreign exchange reserves at the end of June 1977, were a record high at \$3,500m, a 72 per cent rise over the figure of a year ago. Exchange holdings had risen \$542m during January-June, almost wholly in construction and export revenue from the oil-rich Middle East.

Construction awards from the Middle East this year

will be worth between \$3,000m and \$5,000m, resulting in a net transfer of more than \$1,000m. Nobody could have foreseen that the balance of payments in the invisible sector would yield a surplus by 1981, let alone 1977.

Commodity exports are no longer the sole source of foreign exchange earnings. Now there is a tug of war over the issue of import liberalization, with the Economic Planning Board and the Finance Ministry arrayed on one side and the Ministry of Agriculture and Forestry and the Commerce-Industry Ministry on the other. The controversy was temporarily resolved by the addition of \$500m, chiefly in agricultural products such as meat and peanuts, to the 1977 import bill of \$10,200m.

The net increase of \$540m in foreign exchange reserves increased domestic money supply by as much as 15 per cent. Accelerated increases in money supply because of overseas factors will soon necessitate sharper increases in imports. An import liberalization "system may be brought into effect this year, whereby fresh addition to the import liberalization list may be announced one year in advance. Imports may be liberalized from 1981.

Stumbling block to liberalization

Perhaps the biggest stumbling block in the way of an across-the-board import liberalization is the chronic trade imbalance vis-à-vis Japan. Japan in 1976 imported from Korea \$1,800m worth of goods while selling \$3,100m of goods to Korea. This was even bigger than Korea's overall trade deficit for that year of \$1,300m.

Liberalization of import by Korea at this stage, it is feared, may only serve to fatten the lopsided trade surplus for Japan. Korea would rather see its additional purchases take place in the United States and Europe than in Japan. It was this consideration that prompted Mr Chang Yie-Joon, Minister of Commerce and Industry, to head a large-scale purchase mission to the United States last April, and plan a similar trip to

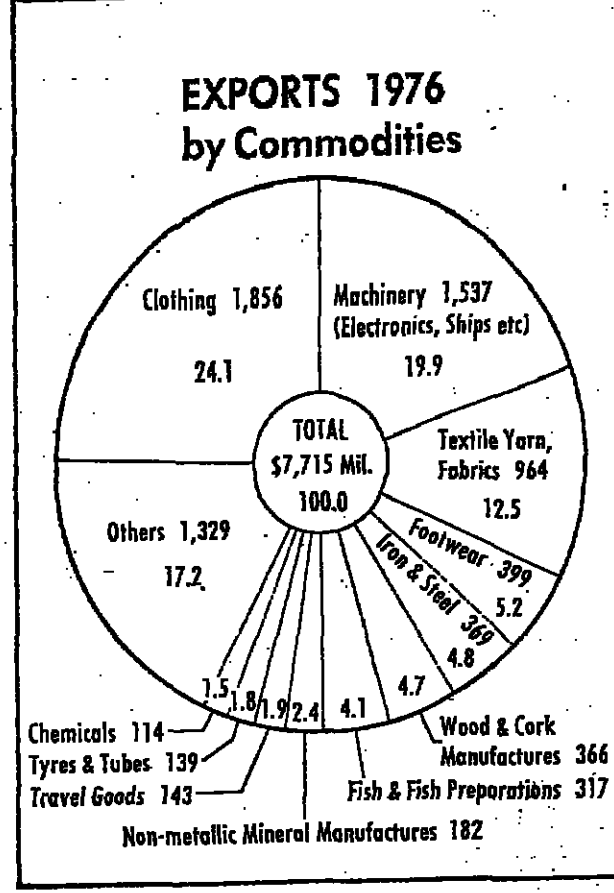
eight European countries, including the United Kingdom, in August and September.

Market diversification by Korea will bring about an expansion of trade between Korea and Europe. With the United States, Korea reaped a trade surplus of \$530m last year but the planned military hardware purchases from the United States will continue well into the 1980s, going far to restore the trade balance between Korea and the United States. There is no telling at this stage how much of the planned military purchases of \$5,000m to \$6,000m will go to the United States and how much to Europe, but it is more than probable, at any event, that more than half the military orders will be placed with American suppliers.

On the other hand, as long as Japan continues to restrict import from Korea by various tariff and non-tariff barriers, it will not be long before Korea realizes that the only way to restore a balance of trade is to restrict import from the same areas. Already Korea has under serious consideration a certain export-import linkage mechanism whereby no further increases in imports from Japan will be allowed without corresponding increases in Japanese purchases in Korea. Korea is deliberately curbing the import of industrial machinery as well as the introduction of technical knowledge and credits from Japan.

Europe is the only major market area left for Korea to turn to in its market diversification effort. The United States and Japan together used to account for 70 per cent of the Korean market, both for exports and imports. Last year their joint market share was down to 55 per cent, even though Europe increased its share from 12 per cent in 1973 to 17.5 per cent last year. Korea is looking to European countries for bigger contributions in the vital sectors of industrial machinery and project-type plant export to Korea, which is now accelerating the demand for heavy industrialization under the fourth five-year plan (1977-81).

The fastest rising import into Korea since the oil price rises, in terms of value, is crude oil, which rose from \$218m in 1972 to \$1,753m last year—an eightfold increase in four years. Next



in order are industrial machinery and transport equipment, whose value rose from \$761m in 1972 to \$2,426m in 1976. Part of the stimulus was provided, no doubt, by the expanded machinery needs of Korea's fast-growing munitions and armament industry.

South Korea's exports during the past 15 years have grown at an average annual rate of 41.8 per cent. This amazing performance is attributed to a number of factors, such as an industrial policy oriented towards export promotion, growth of a vigorous and aggressive merchant class, which gradually replaced Japanese and American off-agents, a taxation and banking policy that favoured exporters, and so on.

Most important of all, President Park Chung Hee took personal command of the export promotion programme more than 14 years ago and presided over the monthly top-level export promotion meetings, where all bottlenecks to export promotion were discussed and solutions worked out there and then. Since March 1977, the monthly export promotion meeting has been renamed the monthly trade promotion meeting, reflecting the more balanced outlook of the Korean Government towards international trade.

The Korean public is daily bombarded with newspaper, radio and television news items about fresh import restrictions being imposed by one European or North American government after another on additional Korean products. Already, 122 categories of Korean manufactured goods are subject to import restrictions by the 17 OECD member countries. The list encompasses the entire gamut of manufactured goods exported from Korea, such as textiles, garments, socks, gloves, tinned and processed fish, ginseng products, tinned mushrooms, photograph albums, umbrellas, tableware, etc. sheets and placers, car tyres, tape-recorders, television sets and shoes.

More and more advanced countries are expected to come up with further import barriers against Korean products, usually on the grounds of market disturbance, industrial dislocation and increased unemployment, even though such undesirable phenomena may more often

be of political and social, rather than purely economic origin. Korean exporters are now resigned to the fact that they can expect no further quantitative increase in exports of textiles and apparel. All indications are that the present MFA (Multi Fibre Agreement) negotiations will result in further artificial restraints being imposed on textile exports from Korea and other developing countries.

All quantitative increases being denied them, the only areas for improvement of terms of trade open to Korean producers and exporters are in improved dyeing technique, development of more attractive fashion designs, and general upgrading of quality, to obtain better prices for the same amount of exported goods. One practical approach in this direction has been brand agreements with Christian Dior and other better known haute couture houses.

Move to greater advancement

An even bigger cause of worry to the Korean exporter is the tendency among advanced nations to extend import restraints even to such high technology products as electronics, at precisely the moment when Korea is about to cede to the Third World its traditional lines of export such as textiles and consumer goods and move up to areas of greater advancement and higher capital and technology input.

When Korean black-and-white television imports reached 52,000 sets in July this year, Britain unilaterally imposed an annual quota of 35,000. Such protectionist moves, if extended to other areas of planned export growth, may pose a critical threat to implementation of Korea's fourth five-year plan, with its special emphasis on electronics, machinery and transport equipment in clothing cars and shipbuilding.

The plan assigns an eventual 46 per cent of the export share to these high-technology products while the share of textiles is to decline from 35.8 per cent to 26.4 per cent. In 1973, the export value of commodities subject to import restrictions from OECD countries came to 15.1 per cent of the total export

value, but the figure rose to 22 per cent in 1976. The principal commodities affected by the restriction list were textiles, footwear and tableware.

Meanwhile, South Korea is turning more and more to credit export arrangements to speed its exports of capital goods. It is the first among developing countries to have set up an export-import bank. Such deferred-payment exports will be worth some \$480m this year, mainly in cargo ships, fishing vessels, railway rolling stock and textile machinery. The last two items are mainly destined for South-east Asia and Africa.

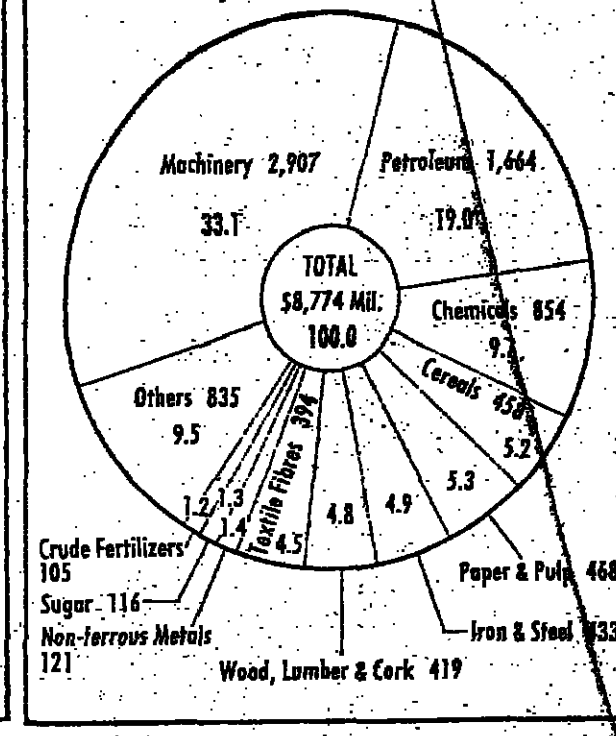
Cargo ships will be supplied to Europe and the fishing boats go to Latin America. Recently, Hyundai of Korea won contracts from Nigeria worth \$140m for 11 cargo vessels, which it will share with a Yugoslav ship-builder. Orders are expected for a cement plant for Papua-New Guinea, a confectionery plant in Saudi Arabia, and a mineral processing plant for Thailand.

The 10 "general trading companies" designated by the Government are obliged to set up branch offices in such relatively unexplored market areas as Africa, Central and South America. Salesmen and managers from these general trading companies, together with officials from the Government's trade departments and banks, are taking part in intensive language training programmes in Spanish, Portuguese, French and Arabic.

General trading companies are offered various privileges such as priorities in bank loans and foreign exchange allocations as well as raw material imports from abroad. These companies will be assigned primary roles in "development" imports of such essential raw materials as iron ore, coking coal and copper ores through investment in Latin America, Africa and other producing areas.

As the United States and other major markets of Korea close their import restrictions, more and more of Korea's export effort will be directed to the Middle East and other regions free of such restrictions. Saudi Arabia was the third most important export market for Korea in 1976 after the United States and Japan, while Kuwait set up into

IMPORTS 1976 by Commodities



fourth position. The principal commodities of interest to these oil-producing Arab nations are cement, plywood, and steel structures.

Korean construction firms are prominently participating in Saudi Arabian projects such as ports, harbours, roads, and road-building. Korean firms are also ready to build hospitals and power and desalination plants in Arab oil-producing countries. The question of engineering interest to Korean business circles is how long the "Arab boom" is going to last. Estimates extend from five to as many as 20 years.

A chief executive of one of the trading companies was probably close to the mark when he observed before his board of directors earlier this year: "Demand for our services in the Middle East is inexhaustible; the question is how soon our labourers, with rising wages and standards of living, will come out and say: 'No, we won't work in the Arab deserts any more'."

From all indications, the Korean economy will continue its breakneck growth at least until the close of the fourth five-year plan in 1981. Import restrictions or no. In 1981, the Government estimates, Korean construction firms will win awards worth about \$8,000m in the Middle East, Africa, Latin America and South-east Asia. Net earnings may come to about a quarter of the gross receipts. Considering that net earnings from this source during January-June this year already amounted to \$1,000m, this may be an underestimate.

Even conceding that the average annual export growth of 40 per cent during the past 15 years is unlikely to repeat itself in the coming years, there is no reason to doubt the Korean Government's projection of an average 16 per cent export growth during the next five years and an export total of \$20,000m in 1981.

A top decision maker in economic policy recently remarked: "We don't want the Korean economy publicized too much. No sooner have the advanced countries granted us our economic achievements than they declare fresh import controls against our goods."

The author is an editorial writer on the Dong-A Ilbo.

Machinery gets priority

by Min Byong-il

South Korea enters an advanced phase of industrialization, with the Government's policy emphasis being shifted from light labour-intensive industries to the heavy and chemical sectors. Encouragement is being given to the machinery sector, the supplier of plant and equipment to those complex industries.

The structural change in South Korea's industry under the country's just-launched fourth five-year economic development plan (1977-1981) seems to follow a pattern similar to that of Japan many years ago, except that it is perhaps more intensive, time-saving process.

In giving top priority to the machinery industry as the backbone of the industrial transformation, the Government, which is the driving force, apparently has three aims.

The first is technological localization of South Korean industry through local production of plant and equipment. The second is to increase the share of heavy industrial exports to cope with mounting labour costs and import restrictions abroad.

With its exports primarily consisting of such labour-intensive items as textile and consumer goods, South Korea has also had to face growing competition on international markets in recent years.

Another important consideration, though not openly publicized as the first two, is the fact that an advanced machinery industry will enable greater local production of advanced arms.

Now that President Carter has made it clear that American ground forces will be withdrawn from South Korea over the next four or five years, there must be some urgency, though largely psychological, in the country's need to achieve greater self-sufficiency in defence.

Against this background, the rapid growth of the country's machine industry during the past two years is a good indication of the pace of its high-speed growth since a long-range strategy for the development of the sector was worked out by the Government in April 1975.

The comprehensive five-year plan (1975-79), which took the form of a special dividend, called for the enhancing of the self-sufficiency ratio of South Korea's machinery supply from less than 20 per cent in 1975 to 50 per cent by this year and further to 70 per cent by 1979. It also provided for state-administered inspection for stricter quality control of South Korean-made machinery to make it more competitive on international markets.

In his directive, the President underscored, as a first priority, accelerated completion of Changwon Machinery Complex, which has been under construction in the new industrial town in the south since February 1974.

Construction of the complex had been launched a year before as part of the Government's long-term project to develop heavy and chemical industries. Less than two years since the directive was issued, production of most light industry plants has now been fully localized, while substitution of local products has been made feasible for one half of plants used in such heavy and chemical industries as cement manufacture, fertilizer production, steel processing and petroleum-related industries.

On the other hand, exports of South Korean-made plant have been sharply increasing. During

the four years up to the end of 1976, South Korea's plant exports, ranging from textile factory equipment to a shipbuilding plant, reached \$23,247,000. Negotiations are under way for an additional \$431.5m worth of plant exports, including a zinc refinery and paper and cement plants. These exports are being made not only to countries in South-east Asia and the Middle East, but also to New Zealand and Latin America.

To finance exports of machinery, on which hinge the country's plan to reach \$10,000m in its exports this year, the Government has decided more than to triple its original allocation for the purpose this year to \$520m.

An important role in South Korea's future machine production will devolve on the Changwon Machinery Complex, which will account for about half the country's total machinery output and exports in the early 1980s.

The complex, near the Masan Free Export Zone (MAFEX), which is planned to house more than 100 assorted machinery plants over a total site area of about 17.4 sq. km. will be the world's largest of its kind.

With more than 60 per cent of its communications and services completed so far, a total of 48 companies have been granted entry into the complex. Nineteen of them went into full operation by the end of last year. Among the companies which are building their plants in the compound are 11 joint ventures, eight of them with Japanese partners, two with British interests, and one with an American company. The total new subscriptions to these joint ventures amount to about \$68m.

The complex, which is being built at a total cost of \$964.5m, including \$500m in foreign loans, will have a combined annual production capacity of \$2,280m worth of machinery. Some \$406m of this is planned to be exported, when its first phase formation is completed by the end of next year.

It will also create 61,000 new jobs by then, about a quarter of the total employment by the country's machinery industry.

Some of the leading companies whose plants will be housed by the complex are Gold Star (already in operation), with an annual output of 500,000 refrigerators, and Korea Integrated Special which will produce special steel for the defence industry under a technical link with Samuel Osborn, of Britain.

There are also some of South Korea's industrial giants among the prospective members of the complex. Hyundai International, a subsidiary of the Hyundai Group, which includes powerful construction and shipbuilding interests, has started to build a \$280m plant in the compound with a projected annual production capacity of \$482m worth of equipment.

Samsung Heavy Industries, under the Samsung Group, whose main subsidiary, Samsung, is one of the country's foremost trading companies, has embarked on the construction of its plants in the complex to produce \$222m worth of various plant equipment in technical cooperation with IHI of Japan.

The success of these ventures, and the country's machinery industry development programme as a whole will depend to a large extent on two factors, a skilled labour force and effective financing.

The author is assistant economics editor, The Korea Herald.

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A belated spark ignites electronics' future

Electronics is a young industry with big development potential which has recently been in the limelight in South Korea. The industry is still predominantly in areas such as packaging, bonding, assembling and other labour-intensive work. A major weak point is undercapitalization and poor technological knowledge. Depending heavily upon imports for the basic components needed for such advanced electronic products as colour television sets, electronic calculators and minicomputers, Korean electronic makers were waging a losing battle until recently.

Belatedly, however, both Government and industry have moved to inject fresh dynamism into the industry. One such recent move is the five-year electronics industrial development plan mapped out by the Ministry of Commerce and Industry. Under the ambitious, yet systematic, development formula, the Government hopes to manufacture semiconductor products in particular, over the next five years.

This is because semiconductor production is the most advanced and technology-intensive area which is directly concerned with the development of such key electronic apparatus as com-

puters, electronic switching boards and colour television sets, just to mention a few.

Among other features of the plan, the Government will develop extensively 57 major electronic items by encouraging more local business firms as well as foreign ones to participate. Under the formula, 151 plants will be built during the five years.

A semiconductor electronics base will be constructed in the compound of Kumi electronic industrial complex near Taegu to build 28 principal electronic plants for the production of nine key electronics items on government initiative. The nine are: water fabrication, light-emitting diodes, micro computers, micro processors, keyboard and magnetic discs of computers, transmitting apparatus, electronic switching systems, computer terminals and software.

An electronic research centre and utility facilities will be established in the proposed semiconductor base in order to support the semiconductor-related plants to be built in the compound. To help to translate the ambitious development formula into action, the Government will secure some

\$600m in both domestic and foreign exchange funds.

When the plan, the most extensive industrial scheme of its kind thus far, is completed in 1981, the nation will produce no less than \$2,715m worth of various kinds of electronic products on a 1975 constant market price basis.

Of the total, government officials say that exports will account for \$1,700m or 17 per cent of the nation's overall merchandise shipment overseas then.

The electronics industry in South Korea got off the ground in 1958 when components were imported for the domestic assembly of vacuum-tube radios. The first radio exports were achieved in 1962. In the following years, domestic manufacturers mushroomed, hoping to tap the vast potential of the growing home market.

In the early 1960s, the industry struggled to stand on its own end, at the end of the decade, investments started to pour in from overseas.

During the second five-year economic development plan (1966-70), the Electronics Industry Promotion Law was passed to stimulate not only South Korean exports with special tax privileges, but also invest-

ments from abroad. Thereafter many supporting measures to develop the electronics industry have been devised.

In particular, the Government has designated 1976 as the year of the Korean electronics industry for the achievement of an \$1,700m (at 1975 constant price) export target for the year 1981. These government policy measures have led the industry to develop as a major strategic export industry of the nation.

The annual production of electronic equipment and components worth only \$22m in 1966, increased to more than \$1,000m in 1976. Electronic exports have seen rapid growth at an annual average of 76 per cent during the same period. In 1976, exports amounted to \$1,037m, 163 times the figure of 1966.

Sudden development in such a short period naturally left several urgent problems to be solved. Regardless of the high growth of the electronics industry, the heavy rate of imports, as compared with domestic demand in the components and raw materials sectors, has not improved. Parts and components occupy a large part of the total production and export. Technical pro-

gress has to keep up with the developing tempo of the electronics industry in the advanced countries.

These shortcomings are expected to be solved gradually by the close relationship between the Government and the enterprises during the fourth five-year economic plan. Accordingly, the structure of the South Korean electronics industry is expected to switch from a parts and components-oriented industry to a final products or equipment-oriented one.

Recent years have been good for the industry, with important gains made in most sectors. The production and export of electronic equipment and components have increased sharply in recent years.

Colour televisions, electronic watches, large scale integrated circuit chips and complementary metal oxide silicon for electronic watches, which require highly developed technology, have been produced since 1974. The number of electronic items produced in South Korea reached nearly 230 in 1976.

Where the production of electronics products in Korea is concerned, the output composition is characterized by the large share of

electronic parts and components and by the great weight of foreign-invested firms in total production.

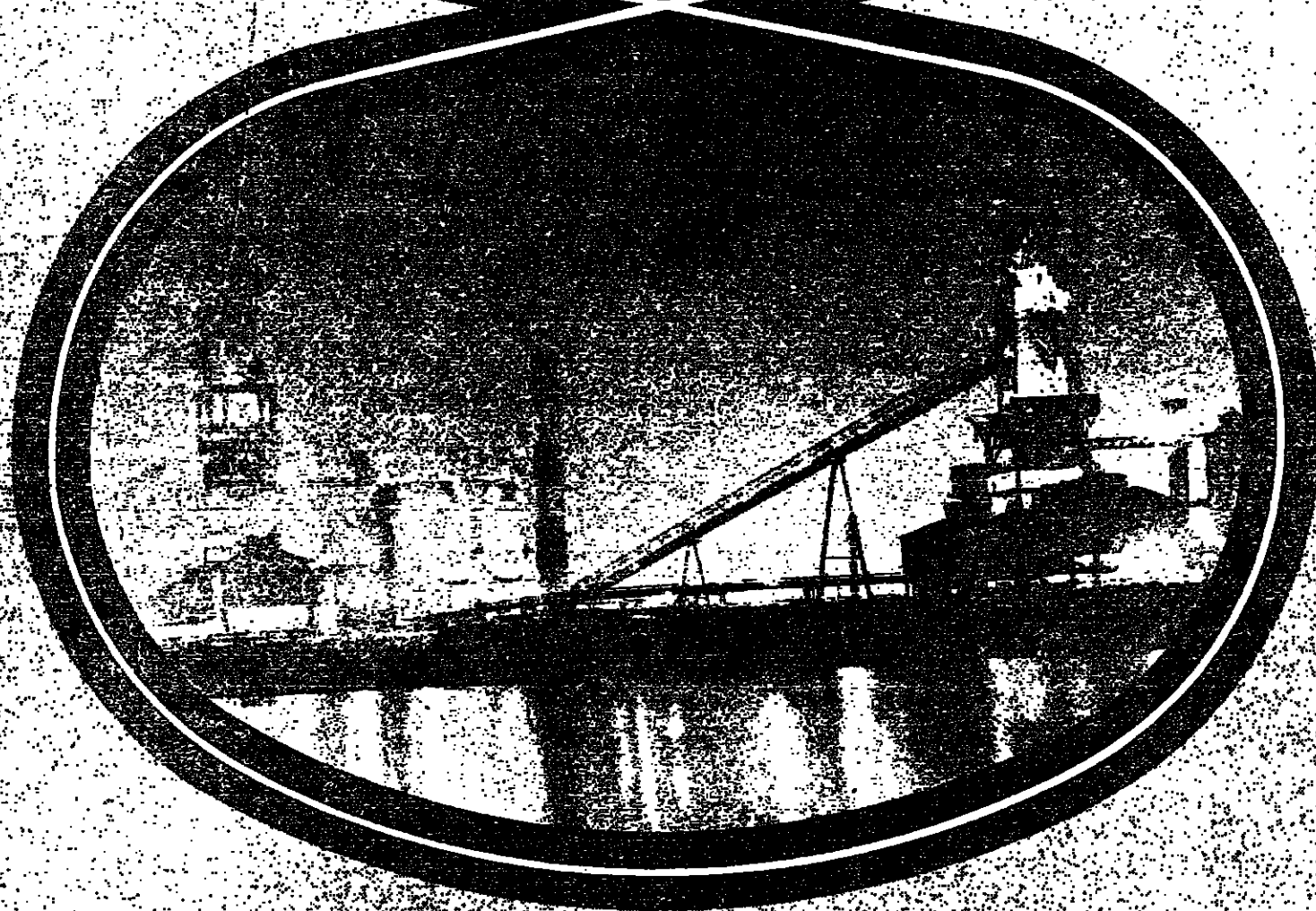
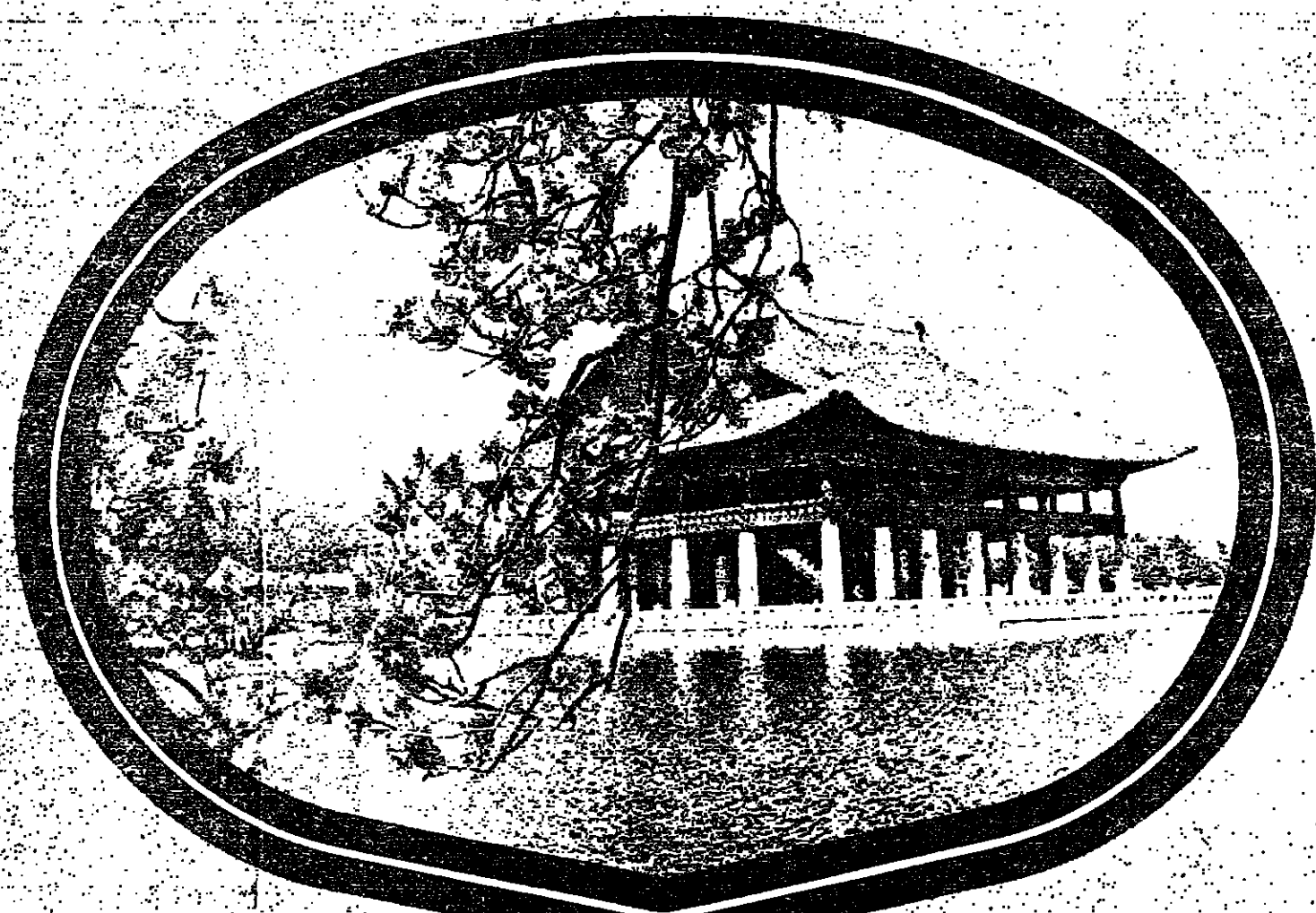
The production of parts and components rose from less than 30 per cent in 1965 to more than 50 per cent in 1968. Its share reached 62.3 per cent in 1971. However, the production structure of parts and components did not change till 1975. As for the output composition in 1975, consumer electronics, industrial equipment and components were 31.4, 10.9 and 57.8 per cent respectively.

If we reexamine the production pattern item by item, the main products in 1968 were radio receivers, black and white television sets, transistors and integrated circuits, but by 1975 the output was being diversified to include colour televisions, electronic watches, desk-top calculators, diodes and television tuners, and the total items produced increased to 200 in 1975.

In that year, the primary products of the consumer electronics sector were monochrome television sets, radios and tape-recorders, and those of industrial equipment were telephones, calculators and desk-top calculators.

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Shipbuilders embark on expansion

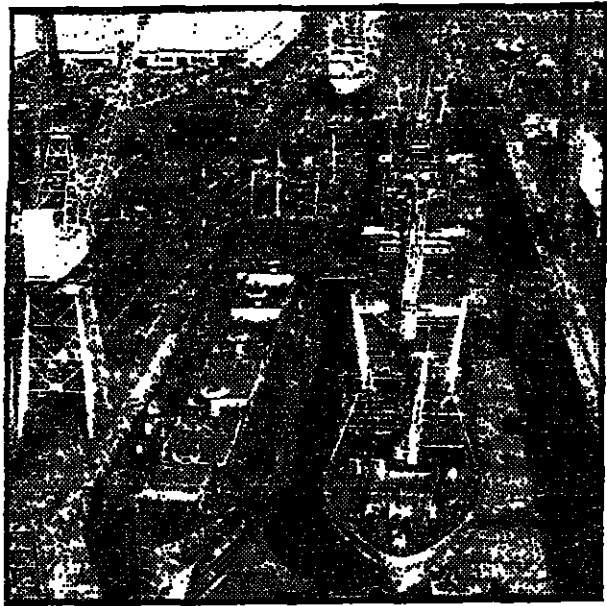
by Peter Hill

Shipbuilding internationally is facing the deepest crisis in its history. There is massive overcapacity throughout the industry—at least 50 per cent and arguably more—and the demand for new ships from the shipping industries of the world is expected to be between 12 million and 13 million tons for the next three or four years.

The crisis facing the traditional shipbuilding nations is being exacerbated by the continued expansion and development of the industries of other countries—such as South Korea—which remain outside the OECD and with whom some dialogue is essential if the structural problems of shipbuilding are to be resolved. Korea is developing its shipbuilding industry, along with Brazil and other nations in the Far East and Latin America, and has had considerable success in terms of orders obtained—much to the chagrin of the Europeans and Japanese.

The growth of the South Korean industry is part of a deliberate policy of industrial development which has seen South Korea emerge from total obscurity in shipbuilding terms to a considerable world force. Five years ago the Korean industry failed to make any impression on the world industry but the following year it secured 1.3 per cent of all merchant ship orders placed. In 1974 it obtained 2.8 per cent of orders placed and in 1975 3.7 per cent. Last year, in line with the experience of other shipbuilders, it fell back to 2.5 per cent of all world orders.

Despite the protestation from the established shipbuilding nations and efforts to secure world cooperation in dealing with the crisis, South Korea is continuing to forge ahead with expansion of its capacity. Under the current development plan the Government is committed to boost the industry's annual capacity from 2,400,000 tons (approximately double the annual output of the recently nationalized British industry) to 4,300,000 tons in 1981 and is planning to lift the export volume of contracts from



Building of 23,000-ton multi-purpose general cargo ships in dry docks at Hyundai shipyard.

the 1975 total of 588,000 tons to 1,100,000 tons in 1981.

Important projects for the latest plan period include the construction of the Okpo shipyard with a capacity of 1,200,000 tons and the Chukdo shipyard which will have a capacity of 150,000 tons. South Korea will be making a big effort to promote the export of ships by a series of financial carrots which will include the provision of increased financial support for exports at a deferred payments basis, diversification in the types of vessels produced, promotion of sales activities and the establishment of a market information network.

The Government intends to embark on a planned shipbuilding programme to stabilize the flow of orders at the shipyards and the industry will also develop standard design vessels to raise the productivity of the industry and the efficiency of related industries. The fourth pillar of the latest development plan for shipbuilding will be the importation of advanced foreign technology, which, it is hoped, will lead to the development of new shipbuilding technology and design capability among domestic shipbuilding companies.

Korea's emergence as a world shipbuilding power, achieved with considerable knowledge and advice provided by some of the traditional shipbuilding countries, is now a dominant factor in the non-OECD shipbuilding block, which together accounts for about a fifth of

the total world shipbuilding order book.

Like Japanese and other important shipbuilders who had specialized in the construction of large oil tankers and bulk carriers, the collapse of the tanker market in the wake of the Arab oil embargoes posed big problems for South Korea—particularly for the Hyundai shipbuilding company, which had been purpose built for the construction of large oil tankers.

But against the predictions that the construction of other types of ships in a purpose-built dock for the construction of large oil tankers would be uneconomic, Hyundai has proved that series production of general cargo vessels and bulk carriers in the dock is a sound proposition. With an abundance of labour and substantial differences between labour costs in Europe and Japan and those in South Korea, the Korean shipbuilders have adopted an aggressive approach to marketing their facilities world wide and have made their presence felt with their ability to quote highly competitive delivery dates and prices.

South Korea and Yugoslavia have recently won a 19-ship order, worth \$176m (£102m), from the Nigerian National Line in the face of competition from both Japan and a consortium of British companies. Of this, the Hyundai share is \$142m.

The author is Industrial Correspondent, The Times.

Throughout the world steel-makers are faced with the most serious recession for more than 40 years. It began to take hold of the industry towards the end of 1974 and since then steel has had to cope with great difficulties.

It is against this unpropitious background that the South Korean steel industry has been establishing itself. Already the signs are that the aggressive pricing policies of South Korea are providing Japanese steel-makers with a real challenge in Far East markets, which previously were the latter's preserve.

Six years ago, installed steel production capacity in South Korea amounted to about a million tonnes. Last year the industry produced some 3,600,000 tonnes. Most of the production came from the Pohang Iron and Steel Company (POSCO), which had been set up by the

South Korean Government to lead the country's development as a steel-producing nation. The first stage of the project was completed in 1973 with an integrated mill capable of producing a million tonnes of additional capacity. Other developments completed last year brought the extra capacity up to 2,600,000 tonnes.

About 60 per cent of the industry's output is derived from modern basic oxygen steel-producing plants, with nearly 40 per cent produced by electric arc furnaces and only 1.4 per cent by the outmoded and less efficient open-hearth method.

There has been substantial foreign involvement in the development of the POSCO facilities through the provision of loans. Some \$100m of the \$145m cost of the cold rolling mill, which has a capacity of 485,000 tonnes and was completed last year, came from foreign loans.

Steel makes its challenge

Under the present development plan, South Korea will spend an estimated \$1,411m on the further expansion and development of the steel industry—most of it concentrated on the POSCO facility. This latest phase of development is designed to ensure that by the time the present plan period ends, in 1981, the country will be able to meet 78.4 per cent of its iron and steel requirements from the indigenous steel-making plants.

POSCO is involved in the next phase of development, which will lift its installed capacity to 5,500,000 tonnes in 1979. Completion of the fourth phase at Pohang will raise capacity to 8,500,000 tonnes by the end of 1981.

Korea's industrial planners are seeking to strengthen the weak link in the country's steelmaking capability—special steels—in order to ensure balanced expansion of production.

The highest priority is being given to developing special steels production capability. The privately owned Korea Integrated Steel Company (KISCO) is making good progress with the construction of a special steel plant, due to be completed at the end of this year with a capacity of 250,000 tonnes annually. It will produce stainless steel, seamless pipe and high alloy steels. There are plans to expand capacity to 500,000 tonnes by 1979.

Under the provisions of the latest five-year plan policies are to be pursued to improve productivity and quality in the iron and steel industry through the promotion of inter-relationships and product specialization between the POSCO-integrated plant and private steel processors. Meanwhile, in order to guarantee a stable and sufficient supply

of raw materials, development of Korean sources of supply and the exploration of new overseas raw materials markets will be accorded importance.

Last year the Korean steel industry exported some \$415m worth of steel products—a rise of 40 per cent on the previous year—and this year the industry is aiming to export steel valued at \$560m, which would more than offset the cost of special steel imports.

Japan is increasingly concerned at the threat from the POSCO facility. The recent commissioning of the plant's cold tandem rolling mill will enable it to produce cold rolled sheets as well as heavy plates and hot steel coil, which have already carved a niche in the Japanese market.

Besides the development of the iron and steel industry, the latest development plan includes ambitious targets for the expansion and

development of Korea's non-ferrous metal industry.

Production of zinc is scheduled to grow from 21,000 tonnes in 1975 to 80,000 tonnes by the end of the plan period, and output of lead is due to be increased to 6,100 tonnes from the 4,500 tonnes of two years ago. Output of copper, according to the plan's targets, is scheduled to be raised from 28,000 tonnes to 117,000 tonnes. The aim is to achieve self-sufficiency in the important non-ferrous metals by 1981.

Capital investment to support this development will include the construction of a large copper refinery with an annual capacity of 80,000 tonnes and a plant producing 50,000 tonnes a year of zinc. Processing plants for non-ferrous metals will be concentrated at the Onsan complex to strengthen the link between smelting and processing facilities.

P.H.

Petrochemicals dependent on imported oil

by Henry Ahn

South Korea is pouring in \$1,070m, mostly financed by foreign sources, to make its fledgling petrochemical industry self-sufficient during the fourth five-year economic plan (1977-81).

The investment is for the construction of the nation's second petrochemical complex, worth \$836m, at Yochon and also the expansion of its only existing petrochemical complex at Ulsan. The latter is estimated to cost \$245m.

When the two projects are completed by 1979, the production at the two complexes will be able to meet 97 per cent of South Korean needs, up from 55 per cent in 1976, the Government plans.

Two naphtha-cracking centres at the two complexes will have a combined production capacity of 500,000 tons of ethylene a year, five times the present capacity.

The petrochemical development programme is part of a \$10,000m industrial investment plan, with emphasis on heavy and chemical industries, aimed at doubling the nation's export to \$20,000m and tripling the gross national product to \$75,000m by 1981. The Ministry of Commerce

and Industry says that the nation's exports of petrochemical-related products, mostly in the form of end products, accounted for about 38 per cent of the 1976 export total of \$8,100m. The ministry also claims that the petrochemical industry will achieve \$1,030m in annual import substitution in 1981.

Since the petrochemical industry is fairly new to South Korea and is capital intensive, the country has had to rely heavily on foreign countries, notably the United States, Japan and advanced European countries for capital and technology.

One vulnerability of the South Korean petrochemical industry is that the country depends entirely on imported foreign oil, whose prices and supplies are sometimes uncertain. That could affect the industry's competitiveness.

It was only in 1966 that South Korea began preparations for developing its petrochemical industry from scratch by having Arthur D. Little, of the United States, conduct a feasibility study which served as a general guide for future planning and investment. The study indicated that a modest-sized petrochemical industry was feasible in

South Korea despite its limited domestic market, and also recommended that in order to minimize capital costs and product selling prices all the planned plants should be built in complexes.

It was also suggested that strong encouragement through government economic policy would be mandatory. Local investors were given tax breaks, financial benefits and other government support.

In 1968 work began on the complex at the coastal town of Ulsan, the big industrial centre, 180 miles south-east of Seoul.

The \$384m complex, mostly built before the 1973 Arab oil embargo, when construction costs were much cheaper, comprises a naphtha-cracking centre and 20 down stream units.

The naphtha-cracking centre, the core of the complex, with an annual capacity of 100,000 tonnes, was built by Korea Oil Corporation, a joint venture between the Korean Government and Gulf Oil, at a cost of \$60m, \$48m of which was put up by Gulf Oil.

Korea Oil operates an oil refinery with a daily capacity of 215,000 barrels in the Ulsan area. Besides Gulf Oil, Dow, Selsby Oil and Japan's Mitsui and Marubeni

were also involved in the construction of some of the 20 down stream units at Ulsan.

The 20 plants are for vinyl chloride monomer, polyethylene, ethanol, acetaldehyde, acrylonitrile, alkyl benzene, polypropylene glycol, styrene butadiene rubber, caprolactam, low-density polyethylene, high-density polyethylene, phthalic anhydride and others. At Ulsan seven plants are to be completed by 1978 at a total cost of \$245m.

Korea Oil, the Gulf subsidiary, is spending \$22m to boost the annual production capacity of its ethylene plant from 100,000 tonnes to 150,000 tonnes by the end of 1977.

A 100,000 tonnes a year purified terephthalic acid plant is being built there by Amoco Chemicals, Japan's Mitsui Petrochemical and South Korea's Samsung group.

Samsung will control 50 per cent of the joint venture, which requires \$91m altogether. Another big project at Ulsan is a 60,000-tonne styrene monomer plant to cost \$26m. The others now expanded or newly built are for acrylonitrile, styrene butadiene rubber, phthalic anhydride and xylene.

220 miles south of Seoul, began in late 1976 for completion by 1979. Honam Oil Refinery Company, half owned by Caltex, operates a refinery with a daily processing capacity of 160,000 barrels at Yosu.

The central unit at Yochon is a naphtha-cracking centre capable of turning out 350,000 tonnes a year of ethylene. It is being built by Honam Ethylene, a subsidiary wholly owned by the government-run Korea General Chemical Corporation.

The ethylene plant is to cost \$279m, including \$172m to be provided in loans and supplies by Mitsui and Lummus and Lazard Brothers, both of Britain. Lummus and United Oil Product (UOP), an American firm, are said to provide processing skill, according to Honam.

Also at Yochon, Dow Chemical is building a wholly owned \$127m plant, capable of turning out 210,000 tonnes a year of chlorine and 231,000 tonnes a year of caustic soda. Much of Dow's caustic production will be marketed in Australia, which in turn will supply salt for the Dow plant.

It is reported that Dow agreed to build the caustic soda plant large enough to be internationally competitive, only on condition that South Korea allowed 100 per

cent ownership. Foreign investors are normally allowed to control up to 5 per cent of a South Korean venture under the country's law.

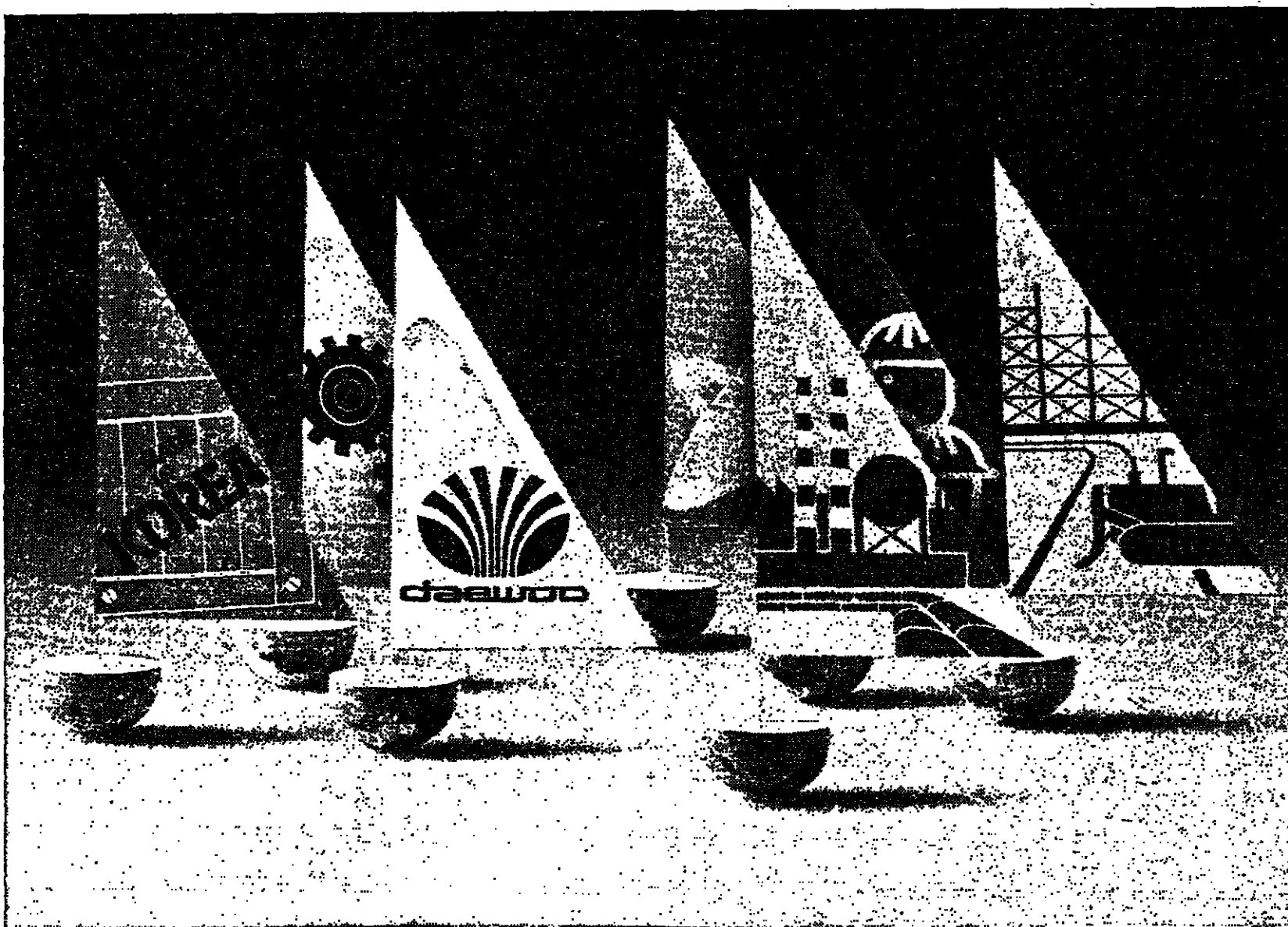
Dow also has formed a equally owned joint venture with Korea Pacific Holding to build a 100,000 tonnes year low-density polyethylene plant plus a 150,000 tonnes a year vinyl chloride monomer plant and 286,000 tonnes a year ethylene dichloride plant at combined cost of \$126m.

The biggest investment by a single company at Yochon (\$304m) is being made by Honam Petrochemical, a 50 joint venture between Mitsui and South Korea Yosu Petrochemical.

The money is for a 70,000 tonnes a year high-density polyethylene plant, an 80,000 tonnes a year polypropylene unit, and an 80,000 tonnes a year ethylene glycol unit. Mitsui is providing \$150m in loan for the joint venture.

Most of the local petrochemical plants are not will not be large enough to be internationally competitive. In addition, the South Korean petrochemical industry has to depend on basic raw materials derived from expensive imports.

The author is Associate Press correspondent, Seoul.



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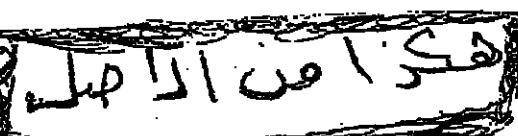
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Textiles remain mainstay despite slowdown

by Henry Ahn

South Korea plans to keep its heavily export-oriented textile industry as the mainstay of its overall export trade during the current five-year economic plan (1977-81).

However, it expects a slowdown in its textile export growth because of growing overseas protectionism and mounting competition from other countries, particularly in low-quality products.

Exports of textiles and clothing amounted to \$2,740m in 1976, accounting for 33 per cent of the nation's overall exports of \$8,100m for the year. The closest rival in exports was electronics, which fetched \$1,030m last year.

The United States, the biggest buyer, accounted for 27 per cent of the \$2,740m followed by Japan with 24 per cent and the EEC with 17 per cent. The labour-intensive textile industry is suitable for Korea, which is overpopulated and has to solve chronic unemployment.

The number of textile workers in 1976 was 750,000, about a third of total employment in the Korean manufacturing sector, according to the Ministry of Commerce and Industry. The textile labour force is planned to be raised to 1,040,000 by the closing year of 1981, still accounting for about a third of the total manufacturing work force in that year.

Helped by the availability of skilled workers at cheap wages, Korean textile makers have drummed the Japanese out of low and medium-quality textiles and are competing closely against their two main Asian rivals, Hong Kong and Taiwan.

The Korean textile industry aimed primarily at the domestic market, with emphasis on cotton processing, until the Government of President Park launched the nation's first five-year economic plan in 1962.

In 1961, overall Korean exports were only \$42m and the textiles share was 10 per cent or a mere \$4m. The annual textile export figure has since steadily grown to \$2,740m last year, 68 times

the 1961 figure. The \$2,740m comprised \$1,721m in garments and other end products, \$679m in fabrics, \$266m in yarns and \$74m in other products.

For 1977 the Government has set a target of \$3,250m, an increase of 18 per cent from the previous year, when the textile exports grew 46 per cent over 1975. Nevertheless, government economic planners expect that textiles will remain the biggest single export industry during the current five-year plan. In 1981 the plan calls for \$5,340m in textile exports, accounting for 26.7 per cent of the overall export target of \$20,000m. The overall export target for this year is \$10,000m.

The textile export growth has been attributed to the availability of hard working, skilled labour at low wages, vigorous marketing efforts and the Government's good planning and support. For one thing, Korean labour is now getting less cheap and is threatening to push up production costs. This will affect the nation's international competitiveness in the face of challenges from less developed textile nations which have an edge in labour costs.

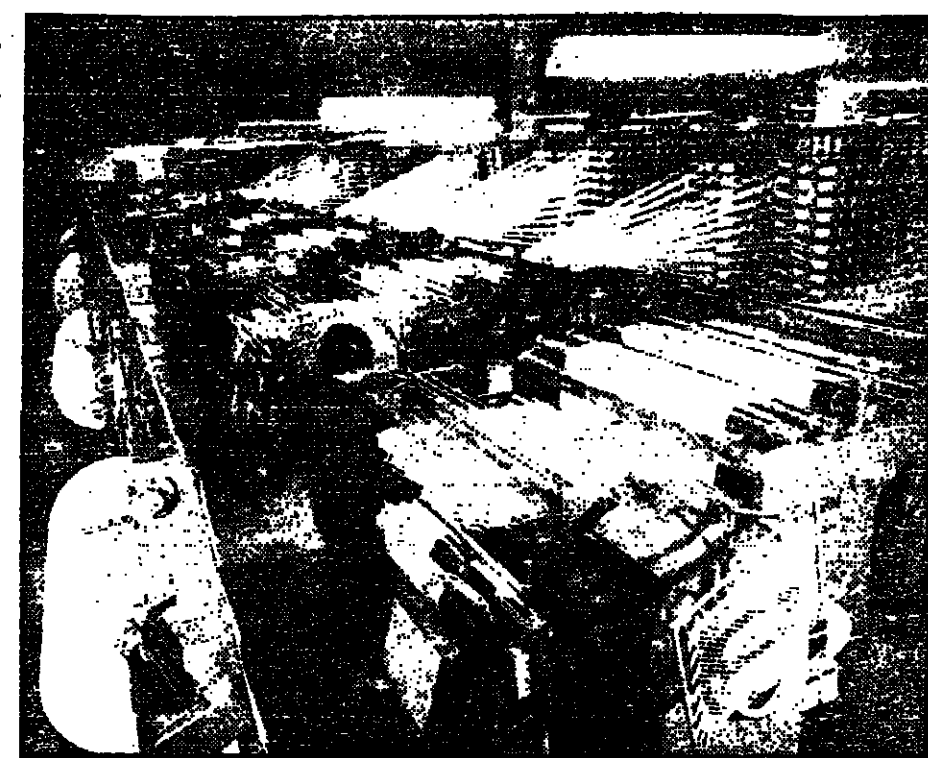
Growing import restrictions

Another unfortunate factor, probably more serious than anything else, is growing overseas import restrictions, particularly in the United States, Japan and the EEC, which combine to take nearly 70 per cent of Korean textile exports.

The Government and textile industry propose to overcome or circumvent the foreign protectionism and competition from other nations through diversification of markets and products as well as modernization and expansion of production facilities and technology.

Local textile makers are urged by the Government to develop new markets in Latin America, Africa and the Middle East. However, some observers point out that Korea can do only so much in diversification into Third World Markets, where infant textile industries are also eager to grow.

The makers are also told



At work with a loom at the Tong Yang Nylon Company.

to switch from low and medium to high quality products which are still free from restrictive import quotas, while concentrating on non-quota items.

This requires modernization and expansion of production facilities and technology, which are necessary to remain competitive in overseas markets.

The Government has worked out a five-year textile development plan which first calls for investment of \$2,180m, including \$612m in foreign capital. Under this programme for 1977-81, the spinning capacity of cotton and other yarns will be increased by 1,890,000 spindles to 4,660,000 spindles.

As for the chemical fibre facilities, their combined daily production capacity will be increased by 936 metric tons during the five years to 1,518 metric tons.

In addition, facilities for fabrics and end products will be expanded. Figures for the five years have yet to be given but at least 44,000 looms are planned for this year alone to increase the nation's cotton and other weaving capacity to 185,000 looms.

On raw materials, Korea entirely depends on imports for cotton, mostly from the United States, and wool, mostly Australian, while the domestic production of chemical fibre raw materials meets 30 to 50 per cent of domestic needs.

Weak spots in business

The Government, however, expects that the domestic production will be almost self-sufficient by about 1980 with the completion of the nation's second petrochemical complex at Yochon.

On the technical front, the Government has called on the makers to invest in technical innovations and cultivate their design abilities and dyeing processing techniques, weak spots in the Korean industry.

The Government has also called on the makers to rationalize their production systems through specialization and to amalgamate small-sized plants to be big enough to meet international standards.

Government officials and industry leaders believe that Korea still has a slight edge in labour costs over its important rivals, such as Hong Kong and Taiwan, but admit the gap is narrowing.

Pressures for better wages are growing as the nation's economy improves. The textile workers' union, earlier this year demanded an average of 38 per cent wage increases while charging that further suppression of wage increases in the name of international competitiveness and inflation control was tantamount to capital accumulation through starvation exports.

Under the prevailing laws Korean workers are almost banned from striking in labour disputes. The Government, meanwhile, has urged employers to boost wages to a decent extent.

The average textile workers' monthly wage earnings were 51,700 won (about \$60) in April, a rise of 23 per cent from a year earlier, according to a government survey. It compared against the all manufacturing industry average earnings of 63,500 won (about \$77).

Fledgling car industry joins export drive

by Kim Sam-o

South Korea now exports cars of its own—something which was merely in the realm of imagination until a few years ago. The Hyundai Motor Company, fully owned by the leading South Korean business conglomerate of Hyundai, shipped a token number of Ponies to a few developing areas last year to mark the start of South Korea's car exports. Hyundai's plan calls for exporting about 10,000 of the compact cars this year.

Another exporter of the three existing South Korean car manufacturers is the Saehan Motor Company. Saehan, a joint venture with General Motors, has for the past two years been selling lorries, buses and car engines to the Middle East, Latin America and Australia.

While the news of car exports by a newcomer from the Orient reportedly alarmed the world's leading car exporting nations, South Korea's car exports are apparently not a commercially workable proposition at present.

Hyundai officials say the

company loses money by exporting Ponies, about 5400 on each. Despite the advantage of lower local wages, the South Korean car industry is no match for its competitors in advanced countries.

The Pony is a four-cylinder, 1,238cc compact car designed by the Turin-based Fiat company to the order of the Korean company. It is equipped with the Saturn engine developed by Mitsubishi and manufactured at Hyundai's Ulsan plant under a licensing agreement with the Japanese firm.

Its export price is understood to be about \$2,000 at the port of Pusan, whereas the same type of car has a wholesale price of about \$5,000 in the domestic market.

This, however, is not to say that South Korean manufacturers make huge profits through local sales. The high domestic price of cars, according to officials, is the result of high taxes and high production costs dictated by the lack of sufficiently large markets.

Still, officials of both the Government and industry feel the car exports are necessary. An industry rep-

resentative says: "Unless we first managed to secure a market of 100,000 cars a year or more through whatever means, there will be no manufacturing Korean cars at a competitive price."

For the industry, with an annual combined capacity of 200,000 units, the number of cars it can sell at home continues to be disappointingly small. Total sales of cars will not pass the 70,000 mark this year, when the industry expects a boom.

The Government is not likely to subsidize the industry's sales abroad, so car exports are not expected to rise rapidly. In addition, it means that only those with extra resources can stay in the trade.

Indeed, the industry has tended to be consolidated in the hands of a few big business concerns.

The third Korean car manufacturer is Kia, which established its business empire by assembling and selling Japanese three-wheel lorries. Kia last year took over the insolvent Alfa company, which once assembled Fiat models in South Korea.

When South Korea decided to develop a car industry, more than a decade

ago, first by assembling cars imported in knock-down form and then localizing parts production, its future did not seem to be promising.

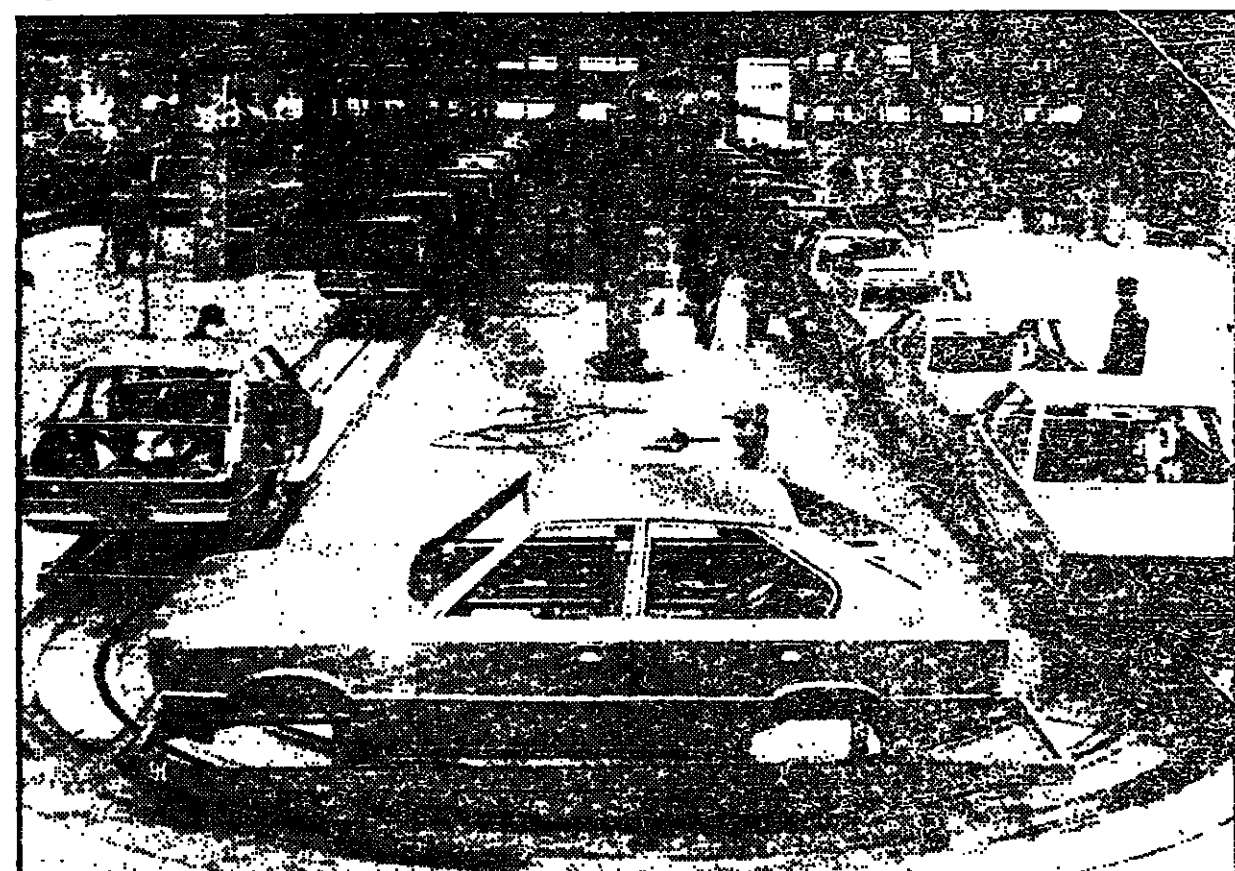
The small size of local markets prevented the building of factories large enough to be economical. In spite of rising incomes, the high price of cars restricted the growth of the market.

The problem basically remains the same, but there has been considerable development of import substitution.

Cars are no longer a luxury in South Korea, but the Government continues to consider car sales a good source of tax revenue. The introduction of value-added tax on July 1 is said to have increased the industry's costs by about 6 per cent. Taxes on car ownership and other running costs are prohibitive.

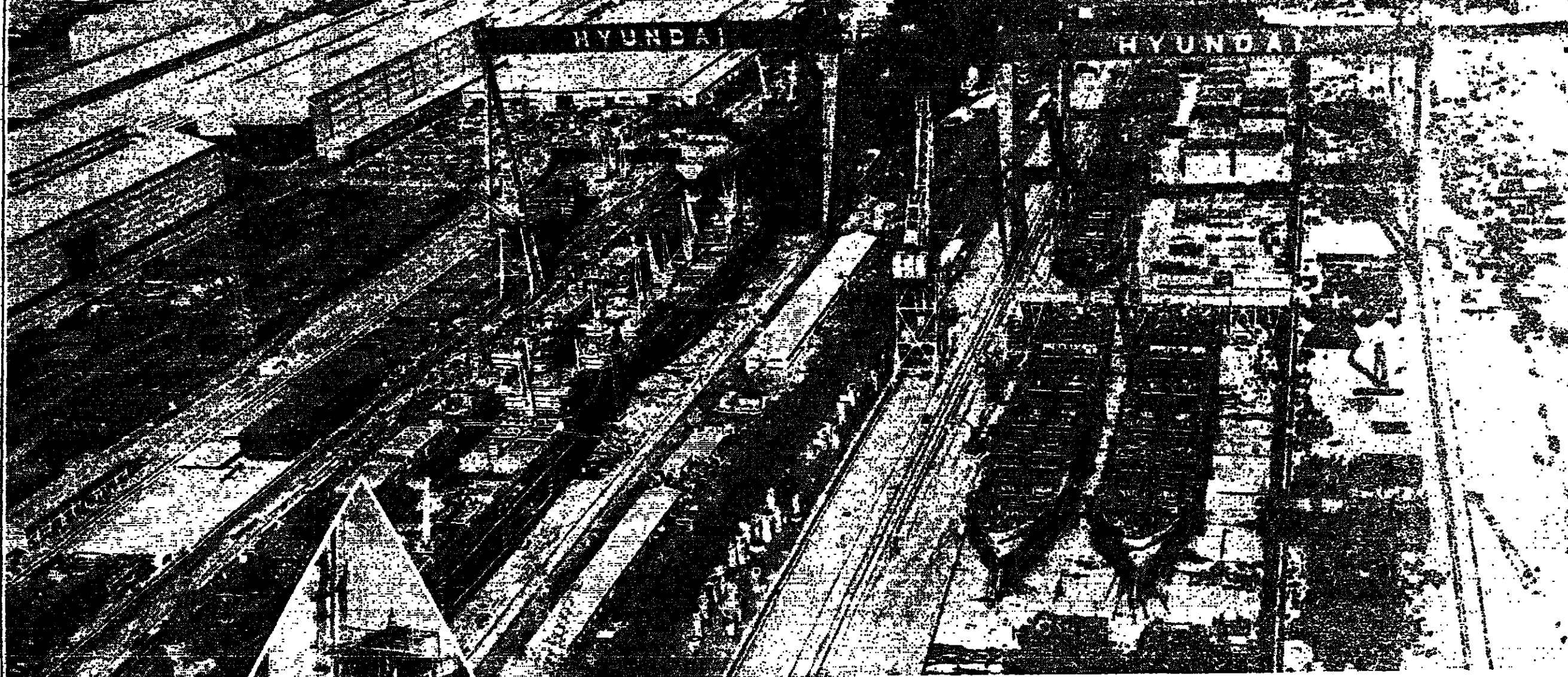
However, business has been good this year. Sales of all types of cars during the first six months totalled 36,552, a 54 per cent increase over the comparable period last year.

The author is news editor, Newsreview, The Korea Herald.



Part of the assembly line for the Pony at the Hyundai factory in Ulsan.

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10% growth backs investment

by Kim Sam-O

Barring a sudden change necessitating reallocation of resources, South Korea is confident of raising the 18,008,000 won (about \$36,000m) that is needed to finance key projects under the fourth five-year economic plan (1977-81).

The estimated amount of investment represents 26 per cent of the total gnp value during the five-year period. The figures are based on the 1975 constant prices. South Korea plans to obtain 510,000m in foreign capital, mostly loans, to meet part of the proposed investment financing.

The rationale behind this optimism is broadly twofold. Successfully overcoming the oil-related recession since 1974, the South Korean economy is likely to grow without a hitch at an annual average rate of 10 per cent for the years ahead. In keeping up with the growing economy, South Korea is stepping up its work of both streamlining and expanding banks and other financial institutions to accumulate as much capital as possible.

Borrowing will not dwindle

On the borrowing side, South Korea's requirements will not dwindle in absolute terms during the five years. But its share in the total capital mobilization will dwindle as the framework of its economy will grow. Thus, making it easier for South Korea both to entertain and service debts.

When South Korea had outstanding foreign loans (excluding those with maturity period of less than three years) totalling \$7,627m at the end of last year, it reported a debt service ratio of 11 per cent. The country now projects that this ratio will be lowered to 10.1 per cent in 1981.

As South Korea continues to make improvement in its balance of payments and in many other economic fronts, it should receive better credit ratings from prospective international lenders. Many cases where South Korean borrowers managed to cut a high spread they paid over the going Euro-dollar rate have been reported this year.

The proposed borrowings from the outside world during the plan are the equivalent of about 27 per cent of the projected total investment. But this ratio does not mean much. A more reliable guide, South Korean officials say, is the rate of domestic savings to be generated to meet the investment.

The plan calls for 92.4 per cent of the total investment fund to be raised in domestic savings and the remaining 7.6 per cent in foreign savings. Foreign savings, as opposed to domestic savings, are explained as net inflow of foreign resources. The near self-sufficiency in investment financing to be achieved during the period is a large increase from the figure of 58 per cent in 1975.

South Korea has made impressive headway in recent years in developing new capital markets outside normal banks. But banks continue to be the mainstay of its capital financing. It is also a fast growing industry. In terms of deposits, Korea's banking industry as of the end of March grew by about 37 per cent over the year before. Deposits outstanding at all the Korean deposit banks totalled 4,995,215m won then. The net increase of sav-

ings deposits received by all the banks and other financial institutions during the first five months of this year stood at 668,200m won, representing an increase of 46 per cent over the comparable period of last year.

Bank deposits bore the brunt of the net savings by taking 49 per cent of the total. (Banks are supposed to meet about 47 per cent of the net savings goal projected by the government for the whole of this year.) This was followed by 36.6 per cent held by non-bank savings institutions, such as trust, insurance, short-term investment companies and post offices, and 13 per cent held by the securities market.

While the Government favours the development of the stock market as a means of direct capital financing by companies, the above pattern is likely to remain not much changed during the five years that is because the total size of domestic fund requirement will grow perhaps at a faster rate.

Spurred by both stipulatory and stimulative measures of the Government, more and more Korean companies will go public, listing their stocks on the Korean Stock Exchange. The South Korean Government, in the meantime, is taking measures to encourage the use of banks, particularly by helping them get bigger physically.

The five city banks with nationwide networks last year doubled their paid-in capital to the average level of 23,000m won each. The five as the mainstay of South Korea's commercial banks, are all under strict government control by law and through equity ownership and are now talking about boosting the capital to an average level of 30,000m won by 1981.

Special-purpose banks such as the Korea Exchange Bank and Export-Import Bank of Korea, all of which are run by the Government, are receiving fast expansion programmes. In accordance with a government plan to "internationalize" the local money market, the number of South Korean branches of foreign banks is expected to more than double during the next five years from the present 14.

Looking into the future, South Korea will direct its efforts to obtain foreign loans with better terms to improve its debt profile. As the economy grows, however, South Korea's chances of receiving soft loans diminish. The United States, as a principal supplier of funds to Korea, has tapered off its provision of concessional loans. The flow of future Japanese funds to South Korea will be more on a commercial basis.

Relying more on Eurodollar

South Korea has recently tended to rely more on the Eurodollar market as a source of fund supply. It also has managed to sell its bonds in such new money markets as Kuwait and Singapore. It complies with a government scheme to achieve diversification in all external economic relations. "With bank loans, we can better buy plants and equipment according to our own shopping list," South Korean officials add.

South Korea, however, hopes it can receive new long-term loan commitments at an annual average of about \$1,400m from commercial sources and \$1,100m from official sources during the five years. And it says it has secured such commitments to meet about 60 per cent of the foreign loans by December 31. Major suppliers will be the World Bank, the United States, Japan, the United Kingdom and the Asian Development Bank.

by Norman Thorpe

Despite unexpected events adversely affecting both rice production and overseas fishing, the South Korean Government has not revised its goals for either sector under the fourth five-year plan. The Ministry of Agriculture and Fisheries intends to take the setbacks in its stride, and push development ahead as originally planned for the 1977-81 period.

Agriculture and fishing are the very lifeblood of South Korea. It has always been dependent upon domestic rice production as its main source of sustenance. In addition, fish constitutes the main source of animal protein. Eight of the 13 grams of animal protein the average South Korean consumes daily are from fish. Therefore, the Government is firm in its conviction that in no circumstances should those sectors fall behind.

During the 1970s the main emphasis in agriculture has been to make South Korea a self-sufficient producer of rice, thus relieving export dependence upon foreign rice imports. Until 1971 the trend was for increasing foreign dependence, but from 1972 dependence on foreign rice imports decreased, and in 1975 the Government said self-sufficiency had been achieved.

A bumper crop last year gave South Korea a surplus of about a million tonnes of rice, ministry officials say. None the less, the Government would still like to see higher production, and that is one of the continuing emphases of the fourth five-year plan.

During the early 1960s rice yield was only about

three tonnes a hectare, and even in 1970 only 3.27 tonnes a hectare. By 1975 government efforts raised this to 3.83 tonnes a hectare, and with last season's bumper crop it reached 4.89 tonnes. The goal of 4.37 tonnes a hectare set for 1981 appears within reach if the annual rate of increase achieved over the first half of the 1970s can be maintained.

Some areas in the extreme south of the peninsula are experiencing a drought, but the Ministry of Agriculture says that although the damage is serious locally, in terms of national rice production the area is not large. Although this year's production may suffer somewhat, it should not affect overall goals under the five-year plan.

The drought is actually having less effect this year than it would have had in the past. One part of the Government's efforts have been aimed at increasing paddy irrigation of rice fields. The percentage of irrigated fields has been raised from 51 per cent in 1961 to 84 per cent in 1976.

Under the fourth five-year plan the Government is stepping up its projects for large-scale river-basin development, and has set a goal of 94 per cent paddy irrigation by 1981. This will further reduce the potential for damage from drought. The current drought will probably increase the degree of public support for such projects.

Characteristically, South Korean agriculture fits the pattern of smallholdings traditionally common throughout much of Asia. In South Korea the average size for each farm household is less than one hectare. That means the income generated is quite low. South Korea's rapid industrialization has brought visible wealth to urban areas, rural residents have migrated towards the cities.

Farm population has decreased from 16,800,000 in 1966 to 13,100,000 in 1976. This migration, coupled with overall population growth during the period, has reduced the agriculture share of the total population from 53 per cent in 1966 to 36.3 per cent in 1976.

Meanwhile, more than 20 per cent of the South Korean population now lives in the capital city of Seoul and its suburbs. While the industrialization has absorbed a significant portion of these urban migrants, they still constitute a difficulty for the Government, particularly in employment.

Farm size increases

The urban migration, and some land reclamation, have expanded the average farm size from 0.9 hectare in 1966 to 0.97 hectare in 1975. But the Government has recognized the need for measures to stimulate greater production and yield, and raise farm incomes.

To cope with this situation, since the late 1960s the Government has had a system of rice price supports, whereby it buys high from farmers and sells at a loss in the cities to keep urban dwellers from becoming disenchanted. Government purchase price increases of 20 to 30 per cent annually have been an important factor stimulating production, and have also pushed up farm incomes.

But the policy has been expensive. At its highest point in 1975, price supports cost the Government the equivalent of \$195m. Last year the Government

decreased its price supports, so that even with the bumper crop it spent only \$104.3m.

The Ministry of Agriculture and Fisheries says it will further decrease these supports, since both urban and farm incomes have risen. Development of cash crops and cottage industry has been another important factor in raising farm income to the level of urban worker income in 1974 and since.

In the fishing sector, this year brought the imposition of 200-mile zones in several areas fished by the South Korean fleet, and the declaration of additional 200-mile zones by other countries is impending.

South Korea is the world's fourth largest fish exporter. The largest share of South Korea's fish exports come from tuna and related species attempted from regulation in the United States 200-mile zone, so while it may lose some ground as an exporter, that is not the most important matter. What is seriously affected is South Korea's supply of one of its most important food, fish, the pollock.

Pollock, or taeu as South Koreans call it, is a bottom fish that they, and almost nobody else, have a special taste for. In other countries pollock is usually only an ingredient in fish sticks, cakes and patties, but in South Korea pollock constitutes 30 per cent of the fish in their protein-poor diet.

(South Koreans average only 12 grammes of animal protein intake daily; the Food and Agriculture Organization has set 23 grammes as the minimum daily requirement.)

South Korea's traditional fishing grounds for pollock are the waters around Russia's Kamchatka peninsula, north-east of Japan, and during the 1970s South Korean fishing boats have

Food goals to be kept despite setbacks



The rice harvest being brought in mechanically.

also been taking pollock from the Bering Sea off Alaska.

Earlier this year the governments of both the United States and the Soviet Union declared 200-mile zones, which affect about 40 per cent of South Korea's overseas fishing. Most severely hit was pollock fishing in these two areas.

Last year the South Korean fleet caught some 422,000 tonnes of pollock, about half of which was consumed domestically. The Government acted quickly to ban further exports, thus bringing the price back down, but that is only a temporary solution. Mr Shin Tae-yong, director-general of the Office of Fisheries, flew to Washington in early August to plead for a larger quota for South Korea in 1978.

One other future source of relief may come from a fishing company, Korea Marine Industries Development Company, which is trying to set up a joint venture in Alaska, whereby unemployed American shrimp

The Office of Fisheries says that South Korea may be able to find some additional pollock in waters off the northern Japanese island of Hokkaido, but it seems unlikely that this year's catch will reach 100,000 tons. Even if the entire catch goes to the domestic market, it will fill only about half of last year's demand.

One of the reasons for pollock's popularity in South Korea has been its low price, but in May scarcity nearly doubled the price. The Government acted quickly to ban further exports, thus bringing the price back down, but that is only a temporary solution. Mr Shin Tae-yong, director-general of the Office of Fisheries, flew to Washington in early August to plead for a larger quota for South Korea in 1978.

One other future source of relief may come from a fishing company, Korea Marine Industries Development Company, which is trying to set up a joint venture in Alaska, whereby unemployed American shrimp

boats would catch pollock in the American zone for a South Korean factory ship.

Meanwhile South Korea has not let the new production mood of various nations discourage its fishing. Outstanding foreign debts of some \$106.4m on recently purchased fishing boats also provide incentive to search for new fishing grounds. But as a fishery official says, "It isn't easy to find them." One area scheduled for exploration is Antarctica, where krill, small shrimps, have increased in abundance with the decrease in the world's whale population.

South Korea also hopes that it may be able to export its fishing experience as more nations adopt 200-mile zones, including those with relatively small fleets. Fishery Office planners assume that in spite of, or perhaps because of, the restrictions, the demands for fish will increase and so will the prices.

One official said: "We must face the reality of paying licence fees or other forms of compensation, which will make fishing more expensive. But we have not amended the five-year plan goals except slightly for this year's catch. We have not amended the 1981 targets for a catch of 3,600,000 tonnes (all types of fish) and exports of \$824m. That will represent a significant increase over 1976 when the Korean catch was 2,400,000 tonnes and exports were \$567m."

As should be obvious from South Korea's rapid industrial development when the Government sets goals it is extremely reluctant to aim lower. That policy has also been applied to agriculture with some success, and the Government is convinced that the same approach will enable it to surpass the new obstacles thrown up before the fishing industry.

A travelling people take to the buses

by Kim Myong-sik

Koreans like travelling. In the summer holidays large crowds turn up at inter-city bus terminals and railway stations every day and, particularly on the eve of traditional holidays, long serpentine lines are formed by people heading for homes in the provinces.

While the railways handle most domestic cargo, buses are the favourite means of transport for Koreans.

Since four-lane expressways appeared in Korea nine years ago, buses have been winning passengers from trains and, on coastal routes, from ferries. The railways are waging a determined battle against the highway buses, but the result is large deficits on their passenger service.

In intra-city traffic, buses also play an important role. In Seoul they take about 70 per cent of total commuter traffic. The three-year-old underground system still makes only a meagre contribution to transport within the capital.

In provincial cities too, buses criss-cross the town and suburban areas, carrying cargo as well as passengers. The popularity of bus services in South Korea is not recent. After the Korean War had reduced the country and its industries to a shambles, the assembling of buses using military lorry engines and tyres was one of the early successful businesses.

In the postwar decades,

bus transport has expanded in pace with the rapidly growing economy. Last year road transport, of which buses are almost the only means, handled 94.3 per cent of the total number of domestic passengers with the rest shared by trains, ships and aircraft. In terms of total distance, the ratio was 73.3 per cent.

The increase of overall traffic volume in recent years has been even faster than the economic growth rate. In the past 15 years the number of passengers a year has increased 6.3 times from 786 million in 1962 to 5,340 million last year.

The number of railway passengers grew by about 10 per cent during the first five-year plan period (1962-66), but with the dedication of the nation's first Seoul-Incheon expressway in 1968 and the opening of the Seoul-Pusan expressway in 1970 passengers were diverted to the new highways.

As a result, in 1970 the railways carried 11.4 per cent fewer passengers than in the previous year and the volume was further reduced by 10.5 per cent the next year.

A total of 5,051 million people were carried by buses and other motor transport in 1976, 4.4 times higher than in 1962.

The number of people taking coastal ferries increased by only 50 per cent, from four million in 1962 to six million in 1976. In contrast, domestic air travel grew rapidly, with the annual total of passengers rising by 26 times between 1962 and 1973.

The oil price rises badly affected the South Korean airline business. Korean Air Lines, the only domestic air carrier, said passenger volume fell by 21.9 per cent, from 1,269,000 in 1973 to 999,000 in 1974. The decrease continued by 8.6 per cent in 1975 and 12.2 per cent in 1976, with the number of service routes and

flights considerably curtailed in order to save fuel.

However, international air transport has recovered moderately during the past few years, thanks to tourism. KAL and other international airlines carried 1,566,000 passengers to and from South Korea in 1975 and 2,014,000 last year, showing an annual increase of 28.6 per cent.

International passenger transport by sea is limited to the Pusan-Shimonoseki Car Ferry service, which carried 63,000 people in 1975 between the largest South Korean port and the Japanese port across the Korea Strait.

Cargoes up by 38%

On the other hand, a sharp increase in Korea's international trade meant rapid growth of overseas cargo transport. Cargo volume grew from the 4,506,000 tons both ways in 1962 to 62,876,000 tons in 1976. Of last year's total, Korean flag carriers transported 20,386,000 tons or 38.6 per cent.

The fourth five-year plan has moderate goals in the transport sector: expanding facilities to accommodate an expected 10.1 per cent growth in domestic passenger volume and a 9.3 per cent rise in cargo.

Railways and motor transport are expected to carry 4.5 to two times more passengers and cargo in 1981 than in 1976. Transport of international cargo by sea will be doubled during the five years to an estimated 92,045,000 tons, of which Korean vessels will carry half.

In air transport, passenger volume will also be doubled in domestic services but the

rate of increase is expected to be much greater in international services. It is planned to carry about 4,774,000 people to and from South Korea in 1981, a 137 per cent increase over 1976.

Development of a mass transport system in Seoul is another big task in the five-year plan's transport sector. The Government will also make efforts to rejuvenate the debt-ridden railways, which are entirely government-owned, during the five years.

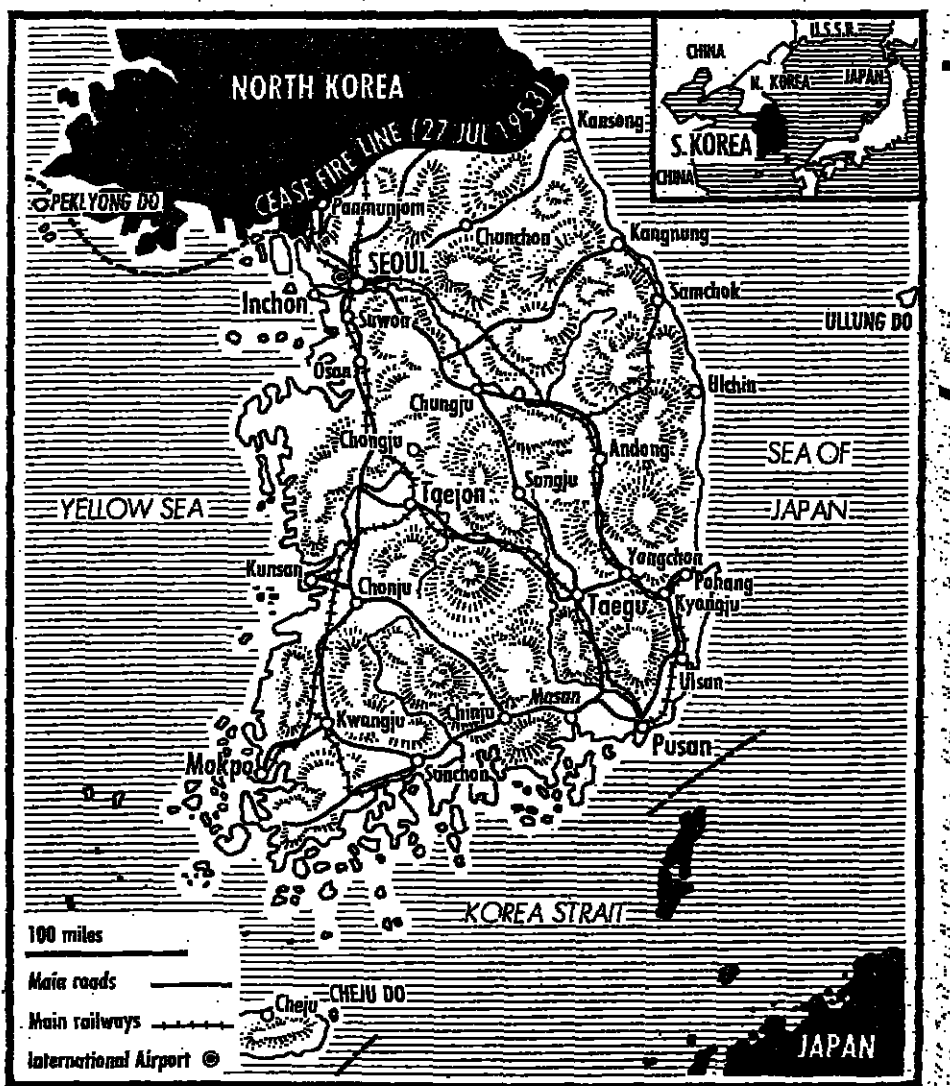
The railways will receive investments of 402,100m won (about \$480m) or 14.4 per cent of the total investments in the transport sector during the fourth plan period. The plan will include \$231.45,000 in foreign loans, will be spent on increasing the total length of track to 6,064 km from 5,678 km and on extending the electrified section to 526.6 km by 1981 (from 424.3 km at the end of 1976).

The number of diesel and electric locomotives, passenger coaches and freight cars will also be substantially increased either by domestic production or imports.

Investments in the extension and improvement of public roads and related projects will amount to 484,350m won, including \$174,863,000 in foreign loans. By the target year, the total length of paved national roads will be doubled to 7,467 km, to give a paved ratio of 91 per cent and 85 km will be added to the nation's highway network (1,142 km at the end of last year).

During the five years, the total number of motor vehicles in South Korea will rise by 142,219 to 360,119, comprising 35,690 private cars, 110,747 taxis, 35,040 buses, 161,448 lorries and 17,194 other kinds of vehicles. In 1981 one in every 265 South Koreans will have a car.

In shipping, the Government will spend 244,023m won on the construction of port facilities, while private businesses will invest 752,033m won mainly for the purchase of ships and loading and unloading equipment.



When the fourth plan is completed, the cargo handling capacity in Korean ports will be tripled to 93 million tons and the total tonnage of Korean-owned vessels will reach 6,037,000 tons, compared with 3,201,000 tons at the end of last year.

Government investments in air transport will amount to \$4,664m won and will go to the expansion of airport facilities in Kimpo (Seoul) and Gimhae (Pusan) airports and the construction of a new international airport on Cheju-do island.

The author is city editor, The Korea Times.

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by Min Byong-il

Korea's electricity generating capacity increased from a mere 434,000kW in 1962 to 4,810,000kW last year, thanks to the success of a series of five-year power development plans.

It is planned to raise the generating capacity to 10,427,000kW by 1981, when the present five-year plan ends.

Korea's electric industry has developed remarkably since the Korea Electric Co (KECO) was established by a merger of the existing three electric generating and distributing companies in 1961.

The Government came out with the first five-year plan in the same year.

The nation's increasing demand for electricity, caused by rapid industrialization and rising living standards, put pressure on power supply and temporary limitations were placed on electricity use in June, 1967.

In the second five-year plan (1967-71) the Government decided to expand capacity by allowing private companies to participate. Kyungin Energy, Donghae Electric and Rosam Thermal Power took part in the project.

With the successful establishment of 21 power plants between 1967 and 1971, the nation has a power reserve capacity of 614,000kW, 34.6 per cent of a peak output of 1,777,000kW in 1971.

Donghae Electric and Rosam Thermal with rated

generating capacities of 660,000kW and 600,000kW respectively, were taken over by Korea Electric in 1972 and 1973. Only Kyungin Energy, a joint venture between Korea Electric and Union Oil of California, with a generating capacity of 325,000kW remains in private hands and sells electricity to Korea Electric.

An important step in Korea's recent electricity power development is the development of nuclear power plants.

The first plant, with a rated generating capacity of 595,000kW is scheduled to go into full commercial operation by the end of the year.

Almost \$174m in foreign capital, in addition to about \$140m from domestic sources, has been put into the project since the scheme was under-

taken by Westinghouse Electric of the United States in September, 1970.

Korea plans to build more nuclear plants to reduce its dependence on oil. Preliminary work began recently on construction of the second plant, at Kori, on the south coast, where the first plant is situated.

About \$678m, including almost \$450m in foreign funds, will be put into the project, which is scheduled to begin commercial operation by the end of 1983.

Major projects for the 650,000kW nuclear plant will be undertaken by Westinghouse Electric and General Electric of Britain.

Work has also begun for the third station, which is to be built by Atomic Energy of Canada. The plant, with a rated generating capacity of

678,000kW, is scheduled to go into operation by April, 1982.

More than \$883m including \$553,460,000 in foreign loans, will be put into the project, which will be a "Candu-type" heavy water system, the first of its kind in Korea.

Under its fourth five-year power development plan (1977-81), the nation's total generating capacity is projected to increase to 10,427,000kW.

The fund requirement for the expansion of the planned generating facilities during the period will amount to about \$5,200m.

As oil prices are expected to rise sharply, much importance will be attached to the construction of hydro, atomic and tidal water power plants in a long-term energy programme. With this in mind, the Government is planning two more atomic power plants, with a rated generating capacity of 900,000kW each, during the fourth five-year plan.

International bidding for these projects is scheduled to be held this year. Among those competing for the package deal are Westinghouse Electric, General Electric, Siemens and Framatome. Informed sources at the Ministry of Commerce and Industry said that Framatome of France is most likely to win the deal.

Planners put skilled workers on a pedestal

by Kim Myong-sik

"Skilled workers are the vanguard of national modernization." This slogan of the South Korean Government reflects its eagerness to secure sufficient skilled manpower for economic development in a country where the people traditionally looked down on technical professions.

Technical job titles invariably had the condescending suffix of *jaeng-i* (blacksmith) and *jeong-i* (shoemaker) among ordinary Koreans.

In recent times, however, public awareness of the importance of technical work has increased and attitudes have changed along with the language. Such dignified words as *kisul-ja* (engineer) and *kinung-gong* (skilled worker) are replacing the

old titles in parlance.

As the nation embarks on the fourth five-year plan in 1977, the economic development plan with the aim of doubling the overall economic scale, the Government is determined to expand skilled manpower have become even greater. Ambitious plans have been set to establish a number of technical and vocational schools and training institutes and to have industries produce as many skilled workers as necessary.

Technical qualification systems were revamped to examine manpower quality correctly and to give due social recognition to people who mastered skills.

Government planners estimate that the nation will need to have 1,959,000 engineers and skilled workers in 1981, the target year of the five-year plan. They will account for 13.3 per cent of

the working population in the country in that year, compared with 9.2 per cent in 1975.

The planners are faced with the task of producing 843,000 more technical workers by 1981. A peculiar aspect of the manpower situation is that there will be a surplus of high-class engineers because of the abundance of four-year engineering colleges. Whereas 44,700 such engineers will be needed during the five years, the nation's engineering and vocational colleges are capable of producing 62,400 graduates during that period.

By contrast, the supply of lower-level engineers by two-year course technical junior colleges will remain at 55,700, far short of the demand which is estimated to reach some 80,000 over the five-year period.

As for skilled workers, the planners seek to recruit 350,000 through vocational

high schools and another 353,000 through shorter-

course training institutes. Under the fourth five-year plan, South Korea's vocational high schools would have been able to produce only 259,000 by 1981, and other training institutes only 166,000 skilled workers.

Aware of the limited capacity of existing educational establishments and of government efforts to expand them, the economic planners have placed much emphasis on the production of skilled manpower by the industries themselves. It is expected that the nation will have some 283,000 skilled workers trained in this way by 1981 through on-the-job apprenticeship and through training at company-operated facilities.

At the end of 1976 South Korea had 43 engineering, agricultural and fisheries colleges, 17 technical junior colleges, 36 agricultural and

fisheries junior colleges, 77

technical high schools and 162 agricultural and fisheries high schools. Under the fourth five-year plan, 17 more technical junior colleges and 28 more technical high schools will be established while the enrolment capacity of existing colleges and high schools will be substantially increased, with various incentives offered for students.

When the expansion plans have been put into operation, there will be a total supply of 154,000 engineers during the five years, giving the surplus of 29,000 which is necessary to offset natural wastage.

The ratio between the higher-class engineers from four-year colleges and the lower-level ones from two-year colleges will be 40 to 60, according to official estimates.

The vast expansion of training opportunities will

enable the supply of a total

of 958,000 skilled workers during the four years as against the estimated demand of 843,000. Of the total manpower, a third each will come from technical high schools, short-term training institutes and in-company training facilities.

Among the technical high schools, special government support is given to 11 technical high schools, located in Seoul and all provinces of the country, where precision processing workers are trained.

A total of 12,160 won (about £13m) has been invested during the past four years for the purchase of training equipment at these 11 schools and another 11,900 won is planned to be released to them during the five-year period, when they will supply some 21,500 best-trained workers to the Korean machinery industry.

When students at these

schools acquire qualifications as precision processing

workers, the Government immediately starts giving them an annual scholarship of 100,000 won (£110). Another special kind of technical high school are the 11 "demonstration schools", where intensive training is conducted for students who will work in Middle East countries.

About 2,000 youths were recruited from among students at these 11 schools by big South Korean construction firms such as Hyundai and Daewoo, which undertake large-scale construction projects in Saudi Arabia, Iran, Bahrain and other countries in the region.

The students are given a six-month special training until their graduation and instant employment by the kinds of jobs in 16 industries. The companies pay 200,000 won as training expenses for each student they are going to employ.

During the six months,

they undergo 800 hours of hard training in machine assembly, welding, plumbing, electricity, metal work, construction, painting and carpentry. They have no holidays.

In the fourth five-year plan, particular emphasis is laid on vocational training by individual industries to meet the sharply growing demand for manpower, primarily by the businesses themselves.

Already in 1975, a special law was enacted to make it compulsory for all industrial establishments with 500 or more employees to operate their own vocational training courses. At the end of 1976, there were 443 such training centres where 41,000 workers were being trained in 145 kinds of jobs in 16 industries.

To help to promote vocational training by companies, the Government is working

on a plan to give tax incentives for introduction of

equipment for that purpose. Tax allowances will also be made for expenses incurred in vocational training. The Government will also arrange for trainees in private companies to use facilities belonging to the armed forces, when necessary. A total of 19 national vocational training institutes will be established in Seoul and provinces during the five-year plan period to act as models for the in-company training, according to government plans.

The state-run Central Vocational Training Institute in Seoul, which trains instructors to work at public and company-operated training facilities, will strengthen its curriculum and equipment substantially. It now has one-year and two-year courses, each with an enrolment of 375 trainees in 12 technical fields.

A quiet new sense of pride stirs the nation

by Peter Hyun

"I felt", President Park Chung Hee said on assuming power on May 16, 1961, "as if I had been given a plucked household or bankrupt firm to manage."

It was not a complete exaggeration. With economic growth at a near standstill at the turn of the 1960s, South Korea held the distinction of being one of the lowest-income nations in the world. Emotional bankruptcy was also prevalent, with South Koreans fatalistically accepting poverty and reliance on foreign aid as unavoidable facts of life.

The new Park regime saw only one course of action—to push forward, to attempt, as President Park said then, "to make something out of nothing."

In looking back at the economic progress that South Korea has made since 1961, the importance of the mod-

ern Korean self-awakening cannot be exaggerated. As a Korean journalist noted, the improvement in South Korea's gnp (the fastest growing in Asia), exports, and construction of industries and expressways is "secondary to the tremendous confidence that has been created in the country."

... a confidence that Koreans can do whatever they set out to do. This new sense of national pride, symbolic of South Korea's new economic strength, was born during the so-called "quiet revolution" of the 1960s, a period that most South Koreans will regard as one of the most stirring and memorable decades in the nation's history.

It was then that the tremendous energy of the masses was unleashed on South Korea's backwardness, a calculated move designed by the Park Government to accelerate the pace of national reconstruction. One

of the chief architects responsible for the birth of an economic miracle in South Korea today is the Hyundai conglomerate's founder and guiding light, Mr. Chung Ju-yung. For all his "impossible projects" Mr. Chung received the firm commitment of the Government, no less than the encouragement and support from President Park himself.

President Park and Mr. Chung are no strangers to each other. Mr. Chung's rise to power is a rags-to-riches tale that few can top for its Horatio Alger qualities. Mr. Chung, like President Park, came from an impoverished farm family. At 18, he left home (now in North Korea) to make his way by foot to Seoul, where his career began rather unpromisingly with day labour at a construction site.

The young Mr. Chung soon showed that he was destined for bigger things. In rapid succession he rose from delivery boy to bookkeeper in a rice shop. His request for more government support now is a throwback to his earlier belief in the principle of "credit." While keeping track of the rice dealer's

debts and credits, Mr. Chung learnt his most important business lesson. "I soon discovered", he recalled in an interview, "that while capital is important in entrepreneurship, credit is even more important."

Acting on that axiom, Mr. Chung borrowed heavily and established a profitable car repair firm and a lorry company. After the Second World War Mr. Chung made his big move. Although he possessed no experience, he assembled enough capital and acquired enough expertise to establish the Hyundai Construction Company. From that point he rapidly expanded the Hyundai group into a conglomerate with 10 major components. A \$840-million worldwide business involved in heavy construction, car manufacturing, shipbuilding, industrial machinery, cement, banking, securities, and innumerable plans for the future, such as iron and steel production, are in the pipeline.

"I'm grateful to President Park for his moral and direct support", Mr. Chung admits. For example, Mr. Chung points out that when President Park talked about the need for building the new

massive shipyard at Ulsan, Mr. Chung thought it would be impossible. President Park retorted: "Why only do easy things?"

With President Park's backing, Mr. Chung went to the United States and Japan—South Korea's two close allies—to obtain the funds and technology needed to build a modern shipyard in a poverty-stricken fishing village named Ulsan on the south-east coast. But to no avail. "If you need ships", they told him, "buy ours."

Undaunted, Mr. Chung went to Europe, where he visited various financial institutions in Sweden, Norway, Denmark, West Germany and France without much success. In London, however, the Lloyd's directoire promised to underwrite his project if he came back with an order for two super-tankers. How Mr. Chung—a self-taught poor farmer's son with no shipbuilding experience—managed to see a well-known shipping tycoon in St. Moritz in December 1971 and persuaded him to place an order for two 260,000 dwt-class crude oil carriers is still a mystery. Thus, with financial and technical cooperation from



Mr. Chung Ju-yung, chairman of Hyundai (right).

Lloyd's and other interests shown a healthy ability to adjust to the present recession by obtaining 12 super-tanker contracts from Greek, Hongkong and Japanese owners. Unfortunately, the vessels that are still in demand. With its huge build-up of the ensuing oil price embargo and worldwide recession, saw the super-tanker market almost vanish overnight. However, Hyundai has on, roll-off ships from Swe-

den, four 16,000 dwt forest product carriers, from Finland, and four 36,000 dwt bulk carriers from Canada, to name a few.

In recent years, Hyundai has moved into the Middle East and secured a large share of construction projects, emerging as a major builder for the region. As one Western observer puts it: "There is a certain poetic justice in the fact that Korea began winning its first contracts in the Middle East just as the quadrupling of oil prices threw some of its economic calculations into disarray. The successes it has achieved there now are already helping to ease its balance of payments position."

Despite his dawn-to-dusk, seven-day-a-week (and no holidays) management of his ever-growing business enterprises at home and abroad, Mr. Chung is active as chairman of both the Federation of Korean Industries and the United Kingdom-Korea Economic Cooperation Committee. In his capacity as head of the latter group, Mr. Chung predicts: "The future is bright and promising for financial, commercial and technical cooperation between Britain and Korea."

Mr. Chung is also active in the improvement of South Korea's public welfare. In May, for example, Hyundai Shipbuilding and Heavy Industries made arrangements with the Justice Ministry to train and employ young people on parole. Last month, Mr. Chung announced his plan to set up a multi-million dollar foundation—the first of its kind in South Korea—designed to help the poor, through such schemes as free medical care and scholarships.

Though he could now afford a life of ease, Mr. Chung, at 62, remains an austere man who lives with his family in an unpretentious house. He neither smokes nor engages in any expensive hobbies. While business dominates his life, he denies that he is an ambition-driven man seeking greater empire. "If you always look forward in climbing a mountain, you quickly become tired", he says. "I always keep my eyes down so my steps will be firmer and better."

The author is a Korea-born American editor and writer.

Pollution levels exceed safe limits

by Simon Scott Plummer

In its headlong pursuit of prosperity South Korea has paid little heed to the environmental effects of rapid industrialization and urbanization. Such considerations have been subordinated to the imperatives of growth.

Of late, however, this indifference has been challenged. The public has become increasingly worried about the poisoning of the environment and the Government is under pressure to stop it.

Experts in Korea consider water pollution to be the most serious. According to Dr. Rho Chae-shik, president of the Korean Environmental Affairs Forum, samples from the Han River, which flows through Seoul, have revealed a biochemical oxygen demand of between 20 and 30 parts per million. The limit for drinking water set by the World Health Organization is less than 5 ppm. Traces of lead, cadmium, mercury and textile dyes have also been found.

These poisonous sub-

stances come from untreated domestic sewage and waste from factories in the Yeongdeungpo district of Seoul and farther upstream.

The incidence of marine pollution is highest on the south coast, where about 40 per cent of Korean industry, including oil refining, petrochemicals, shipbuilding, machinery and iron and steel, is concentrated. Professor Kwon Suk-pyo of Yonsei University, in Seoul, points out that because of the many and the current there is not strong enough to clear industrial waste.

Investigating atmospheric pollution in Seoul, Professor Kwon has found that the incidence of respiratory disease rises when the sulphur dioxide content is high. Between 1972 and 1974 there was a 5 per cent increase in the number of people suffering in this way.

The cause is low-quality petroleum imported from the Middle East, mostly from Kuwait, which has a high sulphur content of 3.9 per cent.

The concentration of industry in Yeongdeungpo, the heavy flow of traffic through the streets of Seoul and the fact that the surrounding mountains limit

the dispersion of air are

additional factors. Pollution of the soil has also been recorded. In 1973 the Ministry of Agriculture announced that 5,000 hectares (12,355 acres) of cultivated land and a similar area of forestry had been damaged by industrial waste. It is reasonable to assume that there have since been other incidents of this type.

What is the Government's reaction to these alarming signs of environmental deterioration? Mr. Kim Jung-hyun, director of the pollution control bureau at the Ministry of Health, said the problem was still in its infancy in South Korea. The Government was extending its monitoring of noise and of the quality of water, soil and air and was drawing up a master plan to control pollution in both industrial and residential areas.

Mr. Kim said he hoped the National Assembly would pass a marine pollution prevention law during the present session. It is planned to set up a government environmental agency early next year.

Studies were under way on reducing the use of anthracite briquettes, which, to heat houses by the tradi-

tional underfloor (*tundol*) method, cause many deaths each year from carbon monoxide poisoning.

The Ministry of Commerce had been advised to cut the sulphur content in crude oil to less than 2 per cent during the next few years. Nine sewage disposal plants were being built on the Han River and its tributaries.

Environmental experts say the Government has collected much information on pollution but has yet to evaluate it properly and take effective countermeasures. In Dr. Rho's opinion, the law should be strengthened and environmental factors taken into account when choosing industrial sites.

Professor Kwon approved of the concentration of industries of one type in the same estate as it facilitated the treatment of waste. However, he thought the Government had so far been very passive on pollution. He wanted more publicity given to findings and the establishment of an environmental committee under President Park, in addition to the proposed environmental protection agency.

At the moment responsibility for pollution control,

shared between several

ministries, is too diffuse. The Government is faced with a dilemma. Control of pollution costs money and could therefore blunt the competitive edge of Korean goods overseas and deter foreign investors, both important considerations in a country which has to rely on high growth to absorb a rapidly growing workforce.

Mr. Kim Dong-kyu, Assistant Minister for Heavy Industries, said anti-pollution equipment would account for about 15 per cent of total investment in a steel plant and 13 per cent in a zinc refinery. Costs of this order could be borne without difficulty by a large company but would be extremely burdensome to the much greater number of small and medium-size concerns.

Despite these misgivings the introduction of stricter measures is certain, particularly since President Park has been concerned about the deterioration of the environment for some years. If this dismay the Korean businessmen he should look across the water to the terrible experience of Japan and be thankful that his country is in a position to act in time.

Proposed capital may slow Seoul's expansion

Seoul has 500,000 more inhabitants than London. In 1950, at the start of the Korean War, the population was 1,418,000. In 1960, 2,445,000. During the next decade it rose by up to 8 per cent a year, reaching 5,525,000 in 1970.

The figure now stands at nearly 7,500,000 compared with fewer than seven million for London. By 1985 it will be 8,700,000.

The main causes of this population explosion have been, first, refugees from North Korea and then peasants from the southern provinces of Kyongsang and Cholla, leaving the land in the search for better jobs.

Not surprisingly, the municipal government has been unable to provide adequate services for such an influx.

Mr. Kim Sung-bae, First Vice-Mayor of the City of Seoul, estimates that there are 50,000 households squat-

ting illegally in green belt areas and on river banks and mountainsides, compared with more than 100,000 at the end of the 1960s.

Some outside observers put the number of squatters much higher and are very critical of their treatment by the authorities.

People who squat legally in residential areas are given subsidies to improve their dwellings or are offered flats in low-income housing estates. One such estate, in Yeongdeungpo, south of the Han River, has more than 400 blocks of flats containing 80,000 people.

At the other end of the scale are the residential quarters on Yoido Island in the Han River, where a top-class flat could cost 20m won (£40,000).

The development of Yoido is part of the drive to relieve pressure on districts to the north of the river. In 1975 the number of people a square kilometre in the most densely

populated of these districts extended from 22,000 to 30,000 while figures for the three southern districts were between 5,000 and 12,000.

Today about a third of Seoul's population lives south of the river.

For a city of 7,500,000 people Seoul covers a remarkably small area and in parts of it traffic is very heavy. Each day thousands of vehicles pour into the central business district. Cars, whose numbers are limited by high taxes, are much in demand and appear constantly on the move. More than 300 of Seoul's bewildering variety of bus lines run through the centre, one alone is served by 150 of them.

The city's first underground line was opened last year and carries between 14 and 17 per cent of passenger traffic. The building of a second line, longer and considerably more expensive than the first, has been delayed but is hoped that work will start next year. Between them the two lines

should take about half the

passenger traffic. So far, efforts to control the growth of Seoul's population have been ineffective. Since 1963 the Government has tried to locate new industrial centres outside the capital. Thus, Ulsan and Yosu were developed on the south coast in the latter part of that decade. However, it was found that the construction of industrial estates alone was not sufficient to attract immigrants. Urban centres needed to be developed as well.

In February the Government announced a much more comprehensive scheme for promoting better population distribution. The two main elements are the selection of regional poles of growth and the removal of government ministries to the south of Seoul.

Five existing cities—Taejeon, Chongju, Kwangju, Masan and Taegu—have been designated as growth poles. It is hoped that building industrial estates in their vicinity will encourage

development of the surround-

ing region as a whole. The site of the new administrative capital has not yet been revealed but is expected to be in the Taejeon area, about one hour from Seoul by train or motorway. The cost of building has been estimated at 4,000,000 won (£4,671m) and the population at between 300,000 and 500,000.

The aims of this project are twofold. First, it will remove the seat of government further from the front line with North Korea. Second, it is hoped that depriving Seoul of the main decision-making bodies will lessen its attraction to people in other parts of the country.

It remains to be seen whether the lure of Seoul, which has been capital of Korea since 1493 and is the commercial, intellectual and cultural centre of the country as well as the seat of government, can be dimmed as easily as that.

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A MODEST WARNING

Votes on small issues can be a different matter, but votes on big issues at the Trades Union Congress are usually immovably determined long before they are taken. When Mr. Callaghan addressed Congress yesterday he knew very well that nothing he could say would have much effect on today's vote on incomes policy. That is virtually won already, for what it is worth (and after the ill-fated left by Mr. Scanlon's high-handed appropriation of the engineers' vote, that may not be much). Mr. Callaghan's appeal went further beyond today's vote, and beyond the delegates in the hall, to the trade union movement as a whole.

He made no attempt to hector or browbeat. Only the day before, Congress had shown by its reaction to a speech full of bantering concession from Mr. Moss Evans that it looked for the modest touch in men of power. Accordingly Mr. Callaghan, wearing a propitiatory red tie, avoided a triumphal entry and slipped modestly on to the platform long before he was due to speak, to listen blandly to speeches about fire escapes, occupational numbness in the fingers and other items of everyday TUC concern.

He fully accepted that the union could—as many of them well might—disregard all appeals to self-denial in their next wage negotiations. He spoke as the representative of one focus of power to the representatives of a separate, almost equivalent one. He would

have liked another year of restraint, but there it was. "You decided to return to free collective bargaining and we must adjust ourselves." For its own part, the Government would adhere to the Healey guidelines, where it had influence and "expect others to do the same" (a wide range of implied warnings lurk in this last phrase). As he was "for the time being the trustee responsible for the welfare of this country" he would not fall short of his responsibilities even if the movement fell short of theirs.

All this was received suspiciously at first. There were ironical groans when he said that the rate of price increases was falling fast. By the end most of the delegates were ready to rise, if only hesitantly, and give him a standing ovation. In one sense it was an advantage to him to have so little to offer as evidence of recovery. He had a difficult balance to strike between being optimistic and making delegates wonder why further self-denial was being sought if things were so fine, or gloomy and making them ask whether self-denial had ever been any use. The state of the economy has not changed enough to dull the memory of the 1974 inflation and its consequences. Many trade unionists are preparing big claims more in a spirit of competitive apprehension than one of confidence.

That is why the first months of the new freedom, and therefore the twelve months rule, are so crucially important. But the

threat of a new outbreak of wage inflation will not disappear after one more year, or two or three. The strategy of allowing fundamental economic forces to create their own disincentives to inflationary claims is one that depends on whether it is believed that the Government will actually dare to carry it through. That will involve a great deal more than a public contract blacklist for employers who permit large settlements.

It remains to be seen what estimates of Mr. Callaghan's resolution the trade union movement will make. But he made it clear yesterday that though he accepted that last July marks the end of an era, the experience of the 1970s had deeply affected his attitude to the whole question of free collective bargaining. He had been brought up to regard it as the "milk of the gospel", but now he was not sure whether it did more to ensure that the lion's share went to the lions. His words were not confined by any notion of special circumstances or temporary restraint. The reflection that liberty and equality are not necessarily harmonious ends is normally seen as surprising in the labour movement, when seen at all. Mr. Callaghan went no further in speculating about possible alternatives to the free market: no doubt he would regard any initiative in that direction as a matter for the unions. But it is a measure of the profound effects of the last few years that a Labour Prime Minister should even go so far, before such an audience.

WELL BROUGHT-UP MIDDLE CLASS TERRORISTS

It is not too difficult to comprehend the minds of terrorists who pursue clearly identifiable goals, such as the liberation of a piece of territory or the overthrow of a particular government. They may not always be rational, and they often discredit or set back their cause, but they remain largely within the realm of the comprehensible. More mystery and fear surround the recent breed of terrorist spawned largely by the affluent middle classes of developed countries such as West Germany, the United States, Japan, Italy, Uruguay, and others in Latin America. They have aims and ideologies, of course, and they sometimes take up real injustices, particularly in Latin America, but they tend to create for themselves mental worlds which are not easily accessible to others. Their grievances are often obscure, their means unrelated to ends, and their jargon incomprehensible. They often reach a point where their main preoccupations are escaping capture and rescuing each other from prison.

Almost invariably these groups also make the situation worse by provoking their societies into security measures which limit freedom for everyone, and sometimes the result is a new and more repressive regime. The intellectual justification for such apparently counter-productive activity is that it forces bourgeois society to reveal its truly repressive nature, "hidden" concealed beneath a veneer of liberalism, thereby enlightening the people and winning recruits for revolution: this sort of ideology only highlights the isolation of these groups from the perceptions of the rest of society. Its real basis is the attraction of the self-justifying idea by which the state is provoked into behaving as they say it should.

In many parts of the world ideological terrorist movements

have either faded out or been crushed. In Japan the police have been ruthless and effective. In the United States little is heard just now of the sort of group which kidnapped Miss Patty Hearst. In Italy there is serious and widespread terrorism, but of a kind more closely related to specific political grievances, or simply the pursuit of money. In France, for some reason, it has not caught on, and in Britain it was represented only briefly by the Angry Brigade. West Germany therefore remains for the moment its most conspicuous home as a result of recent murders and kidnappings.

In spite of the international dimensions of the problem there are probably specifically German reasons for this, though they are not immediately obvious. West Germans have fewer real reasons for grievance than the citizens of most other countries, and today's West Germany is by far the best incarnation of Germany that history has ever seen. Most Germans are grateful, but the stresses and insecurities inherited from the past, combined with aspects of the German character, shed some light on the mystery. The terrorists seem to start as concerned middle class idealists who have special difficulty coming to terms with the gap between the ideal and reality. As they begin to push against society they experience the counter-pressure of a society which is still somewhat more insecure and intolerant of diversity than its neighbours. The budding terrorist then drifts gradually into a small group where a simple set of ideas is endlessly recirculated in mutual brainwashing sessions until it comes to represent the sum total of reality. The individual then becomes the servant of the cause, and the victim becomes merely the symbol of the system. The dehumanization of both is a conspicuous feature of writings

that have emerged from these circles.

The problem is aggravated by the existence of a fairly large, though diminishing, class of intellectuals who, while condemning violence, also sympathize with the motives of the terrorists and provide them with a certain degree of protection, even if it only amounts to not informing the authorities of their whereabouts. Explanations for this may include not only the usual middle class guilt but also the difficulty which many young West Germans have in identifying with their still new state, the problem of developing real patriotism against the background of German history, and a tendency of intellectuals to be more interested in ideas than people.

On the other side there is the insecurity of society at large, the older generation of which has seen too much chaos and collapse to be easy about internal threats to the basic foundations of the state. Public reaction to a relatively low level of terrorism is probably excessive, but it is now building up political pressures that have put the problem in the centre of the Government's concerns. The difficulty for the authorities is how much liberalism to sacrifice for the sake of crushing the terrorists. There are growing demands for stricter laws, fewer technical loopholes through which suspected terrorists can escape, and generally tougher surveillance.

Liberals are worried, for the country is already under criticism at home and abroad for drawing the lines of political tolerance too tight. Probably the best for the moment to try to contain the threat by making the best use of existing laws rather than rushing into new legislation which might later be used for less desirable purposes. But it is not a problem for which outsiders can offer easy answers.

MR CARTER'S PANAMA TREATY

Today's signing of the new Panama Canal treaty is being built up into a dramatic occasion, of significance to all parts of the Americas. The heads of state of all the countries of the hemisphere—except Cuba—have been invited to Washington, and a number of them, including such figures as General Pinochet of Chile and General Videla of Argentina, have accepted. The presence of such people in Washington is enough to guarantee that the world will take notice. It is also a sign of the high stakes for which President Carter and General Omar Torrijos, the Panamanian leader, are playing.

In fact, the treaty still has to be ratified in both countries, and in the United States at least that looks like being difficult. The initial reaction of public opinion has been hostile. President Carter has launched a campaign to convince people of the virtues of the treaty, but he has been advised that he has no

chance of getting the two-thirds majority that he needs in the Senate if he tries for it this year. He may have to put it off until next year in the hope that things will improve.

In Panama, there may be less of a problem because of General Torrijos's control over the media. But there has to be a referendum, and some of the General's opponents have come out against the treaty on the ground that it gives away too much. So final ratification is not certain, and one of the aims of today's spectacular will be to improve the view Americans take of the treaty. The arguments in favour are impressive: that it puts an end to a quasi-colonial situation that has long been a thorn in United States relations with its southern neighbours, and that it does so in a way that allows them to step in even after 2000, if they consider that some undesirable element is likely to take control of the canal. The presence of the Latin American

presidents is an indication of the importance they attach to the issue.

On the Panamanian side, the objections are to the legalization of American military bases along the canal, and to the provision allowing the Americans to intervene after 2000. General Torrijos had originally opposed this second point, but dropped his resistance during the negotiations, partly because of the urging of a number of Latin American countries. He has not been enthusiastic about the treaty, but has presented it as the best that could be achieved.

If the treaty goes into effect, the hope is that it will be a shot in the arm for the Panamanian economy, as well as a symbol of a new American approach to Latin America. If it fails to be ratified, it will be a serious blow for Mr. Carter and probably the beginning of new agitation around the canal. Both Governments, at least, want to avoid that.

Weighing the costs and benefits of being an author

From Mr David Hughes

Sir, In his answer to Mr David Holbrook's letter (September 5) comparing the wages of printers and authors, I would like to remind the latter, however much as a worst-selling novelist I may suffer myself from such an altruistic view, that they have made their own choice. They have broken free of any system. They may argue that there is nothing else they are qualified to do but write. It is rarely true.

The fact is that writers enjoy the self-engineered luxury of indulging a lifelong passion. Although I don't doubt their value to a society that goes on wanting to civilise itself, I expect, as of right, the kind of treatment on the market place that is commanded within the system by the essential services. In other words, I would rather printers went on printing, whatever the cost, even if they printed nothing of mine.

Authors will regard this letter as I partly do, as an act of treachery to a cause. But writers must not think in terms of causes. I believe that we are all "in it" together and that writers can only help to make sense of the world that appears to victimise them economically by writing their heads off about it, remaining independent enough to tell painfully what seems to them the truth, and expecting no reward other than that of which each, praise or effect—they have strictly earned.

Yours sincerely,
DAVID HUGHES,
Editor,
New Fiction Society,
185 Shaftsbury Avenue, WC2.
September 5.

From Mr Patrick Howarth

Sir, Mr David Holbrook (Letters, September 5) and others like him will continue to be paupers so long as people who enjoy ten times his income can borrow books from public libraries without payment.

The first remedial measure should be the institution of a charge of at least 5p on every book borrowed from a public lending library, reference libraries continuing to provide their services free of charge. The bulk of the money raised in this way could serve to benefit authors, illustrators and translators according to one of the systems of public lending rights which have been worked out in detail. The rest could help towards improving the library service and the salaries of librarians.

The next step should be a substantial increase in the television licence fee, for an absurdly low charge is at present made for a "year's entertainment by the medium". The increase should enable the BBC to pay adequate fees and salaries and to fulfil the function, for which in palmer days it showed itself exceptionally well qualified, that of patron of the arts by the commissioning of original work.

Any political party which included these measures in its manifesto could truthfully claim to be the first to be seriously

interested in supporting the arts. It could also be argued that a nation which is about to be self-sufficient in oil and does not introduce such measures as a bare minimum must be irredeemably philistine.

Yours faithfully,
PATRICK HOWARTH,
213a King's Road, SW3.
September 5.

From Mr Paul Potts

Sir, Allow me please to add a footnote to Mr David Holbrook's letter (September 5) about the predicament of writers in England today. Although my earnings are hugely smaller than his, unlike him I was refused an Arts Council grant, although sponsored by a very senior Cabinet Minister, and that a small number of critics have claimed that I have written some of the best prose in the English language since the war.

But what really hurts more than this is that although one of my books was chosen for "A" level studies, no-one told me about this. I had to find out by sheer accident. The accident might not have happened and I would never have known. As this was a solitary feather in a rather dilapidated cap, I think this was unfair, not to say discouraging.

There is one good thing about it, however. It is pleasant, very pleasant indeed, to live in a country where a senior Cabinet Minister is powerless to get one a grant. If one were living in a dictatorship one would have gotten it easily enough.

Yours, etc.,
PAUL POTTS,
4 Cruikshank Street,
Percy Circus, WC1.
September 6.

From Mr George Target

Sir, Why do so many writers whine about money? They have freely chosen to write, and if they can't earn enough at it to satisfy their wants they ought to try something else—but they ought not to expect the rest of us to subsidize them with the threatened Public Lending Right or far grants from the Arts Council.

I gave up a good job with "Excellent Prospects" to become a writer, and now earn a few pence over two hundred pounds a week. Yet I live a full and rich life in the peace and beauty of Norfolk doing what I most want to do: writing, reading, listening to music, walking, loving, cultivating vegetables, and entertaining friends—all in my own time, no trains to rush for, no man to tell me to get on with it, please myself, work as hard or as little as I need, have had twenty books published, know and correspond with many of my readers, and count my blessings to be worth far more than all the inflated money I could earn in less agreeable ways.

And if I can't survive on these terms I will very gladly work on the buses or sweep the streets or go back to teaching or clerking or serving in a shop—though I will most certainly go on writing round the edges of my days until I have

nothing left to write about. Which will be ten minutes before I join the Great Public Library in the Sky.

Yours faithfully,
GEORGE TARGET,
Meadow Cottage,
Beverly Road,
Trunch,
Norfolk.
September 5.

From Mr Christopher Leach

Sir, I am a kind man. I help old ladies across roads; make splints for the wings of storm-struck sparrows; always close farm gates behind me; wait patiently for The Times Literary Supplement while other men buy The Sun; and I have even been known to take my bank manager to lunch. But I must admit, to my shame-faced, foot-dragging sorrow, that I am getting tired of Mr David Holbrook and his infant treble, piping The World Owe Me a Living.

The news is bad enough: the British Empire lost; the sacred turf of the Oval shadowed by the immensely rich Mr Parker; and Miss Sandle Shew threatening a comeback—and once again Mr Holbrook, with no English reserve whatsoever, bares his financial plight to us (not a pretty sight). Dropped from some previous Eden, unknown and unvisited by us, he is at once assailed by evil pornographers, and now, the spectre of bankruptcy.

Useless, no doubt, to say that we are all, relatively, in the same boat. But, whereas some are at the oars (poor David); some spooning out the water and dividing the hard task; some watching for that bright island Stoker Healey says is out there somewhere—Mr Holbrook sees only the weevil in the digestive. Useless to say, also, that he was damned lucky to get £2,000 from the Arts Council to sponsor his trip. Most of us were working our passage.

Yours faithfully,
CHRISTOPHER LEACH,
Far Yew Tree House,
Over Tabley,
Knaresborough,
Cheshire.
September 5.

From Mr David Benedictus

Sir, As David Holbrook says (Letters, September 5) it is impossible for an author to live on what he earns from his books. The answer, given to me by an unsentimental Scottish poet, is to declare all writing illegal. Those who persist will be given long prison sentences (not being able to pay the fines) and consequently fed and housed while pursuing their profession. Among others, Bunyan, Wilde and Genet found prison a productive environment, which is more than can be said for the outside world.

Yours sincerely,
DAVID BENEDICTUS,
P.S. PLR would help.
The Pelican,
20 Alexandra Road,
East Twickenham,
Middlesex.
September 5.

From Mr Peter V. Coveney

Sir, Those who read the article by Mr Rees-Mogg ("What the unions can do and what they cannot," September 2) will have found it very cogent. The argument is propounded in the most objective manner, as is to be expected from The Times, by invoking the "classical theory of wages", and the desired aim reached entirely vigorously. Its eloquence is to be much admired. Yet I felt all along that he was "chartering an aircraft to cross the road" (to borrow a phrase from J. W. Leach, Classical Mechanics, p.2).

The problem is of the simplest kind, and I doubt whether the application of fairly sophisticated economic theory, although of intellectual interest, has in any way enhanced the (correct) conclusions obtained.

Yours faithfully,
PETER V. COVENEY,
40 Westfield Close,
Bath.
September 4.

A doctor's earnings

From Dr J. J. McMullan

Sir, You report on your front page yesterday (September 1) that typographers in the Daily Mirror are offered £6,300 to take a cut to £174 for a 34-hour working week or £9,048 a year, the former rate being £3,000 a year. A National Health Service consultant on appointment to a full time post now receives £7,848 a year rising by four annual increments to £10,689. A general practitioner is paid less for 24-hour cover for over 2,000 patients.

Is your report correct and if so on what principle have these rates of pay been established? Yours faithfully,
JOHN McMULLAN,
26 High Street,
Chesham, Buckinghamshire.
September 2.

Dramatis non personae

From Mr Stuart Burge

Sir, The Royal Court programme is almost as subject to printing and compilation errors as The Times itself is these days. Mr Miles (September 6) had only to ask our helpful staff to replace his faulty programme with one containing the middle pages.

Yours faithfully,
STUART BURGE, Artistic Director,
English Stage Company Ltd,
Royal Court Theatre,
Sloane Square, SW1.

White Rhodesians' dilemma

From Brigadier Lord Ballantrae

Sir, I find myself more and more haunted by the plight of the white Rhodesians led by Mr Smith. It must be conceded that they have been tragically slow to face the facts of life, and to come to terms with a changing world; and Dr Owen is undoubtedly right when he says that they are still largely unaware of the true situation beyond their frontiers. I do not question that the British Government's policy is based on principle, and is sincere in its conciliation. But there are other principles at stake, including loyalty to those with whom we have ties of blood, and to many of whom (though admittedly there has been much immigration since 1945) we have cause to be grateful for their support of service during the war. Nor can it be denied that the country as it is is almost entirely the creation of Europeans.

The principle underlying the Government's policy seems to be mingled with a heavy dose of expediency, though it is often difficult to distinguish between expediency and statesmanship. What appears to be lacking from the Government's approach is any element of sympathy for the white Rhodesians in their appalling dilemma; or for the anguish which must be theirs when called upon to "surrender" every thing that they have built up, including the forces which they have raised with much difficulty for their own protection, and the protection of the many black Rhodesians whose support they have, in which, as in Israel, every family is involved. When they see some of the strange bedfellows with whom our policy has involved us, it is small wonder that their intransigence is dying hard.

There has been much dignity in Mr Smith's recent attitude to television, and he deserves more credit than is being accorded him for having shrugged off his lunatic fringe in the recent elections. Only if more sympathy and understanding is shown towards him and his sorely-tried people can there be any prospect of evolving a compromise leading to a happy issue out of all our afflictions.

I remain, Sir,
Your obedient servant,
BALLANTRAE,
Auchincrine,
Balmuccie,
Ayrshire.
September 5.

Census questions

From Mr William Kip

Sir, As a journalist of Chinese descent, born and educated in the United Kingdom, I regard myself as belonging to the first generation of "coloured" Englishmen and object most strongly to the suggested breakdown by Mr S. C. Boxer in his Census paper (September 1) of the population into "coloured" and "white". I feel that if the 1981 Census is conducted along these lines it will only serve to make it harder for the coloured population to assimilate itself with the indigenous population. While Mr Boxer only gave one category for Whites (European), he had no less than eight categories for the Afro-Asian community within the UK. May I suggest that there are also at least eight categories of "Whites" residing in the UK and that they too should be included in the Census. The following is suggested:

Whites (European—not including Scottish/Irish or Welsh national minorities);

Whites (Mediterranean origin—but not including those descendants of dark-skinned Romans, Greeks, etc., who still show the pigment of their forebears);

Whites (Latin American origin—but not including those with "coloured" Portuguese or Spanish blood);

Whites (North American origin—but not including those with Negro, Puerto Rican, Red Indian, Chinese or Japanese blood);

Whites (Anglo-Indian, Anglo-Egyptian—provided both parents and grandparents of pure Anglo-Saxon descent unless one parent or grandparent has held the rank of major, lieutenant-commander or above);

Whites (Members of the Lost Tribes with Anglo-Saxon Christian and surname);

Whites (Children and grandchildren of settlers on the remaining islands of the British Empire providing they hold current UK driving licences and can prove that they are the lineal descendants of authenticated minsters or buccaners);

Whites (Honorary)—All UK citizens of Japanese descent and all coloureds who have been educated at (a) public school or (b) Oxford or Cambridge;

This will enable Mr Boxer and his staff to have an even more thorough breakdown of the White population in the UK and make the 1981 Census even more interesting. Yours sincerely,
BILL KIP,
656 Selva Lane,
Mill Hill NW7.

From Mrs Norma Williams

Sir, Can anyone white (and non-Jewish) imagine how it feels to be black in Britain now that the (1) The 1981 census will separate us by race (the statistical means); (2) The National Front has been made respectable by The Times (the political means); (3) Sir Andrew Huxley has spoken out for the truths of genetics on race (the scientific basis); (4) Black youths (age 14-20) attack policemen (slightly older) and rob white citizens (the popular basis); and (5) 1984 is seven years away (time is running out)?

Given these bases and means-to-the-end of future social and racial policies, does the white Briton envisage that his black neighbour will be bounded, denigrated, "reprimanded", eliminated—or simply graded Epelion, to use another Huxley verb? Or perhaps he may not wish so to disturb and distress his imagination, deciding that it is my fault, anyway, that I was born black. Yours faithfully,
NORMA WILLIAMS,
18 Ravenscroft Park,
Barnet,
Hertfordshire.

Right to strike

From Mr James Lunt

Sir, D. R. Boddie's letter, August 25, calls for immediate if brief support. "If we are to survive, the right to strike, and to picket and destroy industry as is being done, will have to go, to be replaced by hope with a right of appeal to an

accredited industrial court, but not in the first instance to a High Court."

This right to strike with impunity was given in 1906, Trade Disputes Act, at a time when wages were very low and going down. It enabled the unions to push wages up and to lift us out of the Old Scrooge Economy, for which we must be grateful, but also to thrust us into

the New Maccabean Economy, wages too high, and going up, even without union aid. What once was good, well, now wholly bad, is now fatal to our very survival.

Yours, etc.,
JAMES G. LUNT,
10 Arlington Road,
Chislehurst,
Cheshire.
August 25.

Air traffic disruption

From Mr Paul Mellor

Sir, Why is it that so many people are being irrational over the pay "claim" by the Air Traffic Control Assistants?

It is a perfectly legitimate "claim" which has its origins in 1972. Unfortunately, it is seized upon by many as yet another example of irresponsible trade unionism in Britain today—the "English disease" probably aptly quoted by angry foreigners at our chaotic airports.

The patience of the assistants and their union is quite amazing to me. It would have been understandable if these vitally important, grossly underpaid people had decided to walk out long ago. However, they have taken years of pay restraint when the settlements were agreed before the recent Phases I and II. In many quarters, we now predictably have complaints about what I consider to be the lenient action taken by the assistants, a two-week go-slow and a bank holiday stoppage. The assistants have rightly decided that this was the only way to draw attention to their plight. May we, and in particular those whom the action directly affects, be thankful that they have not disrupted airline services more than they have.

Yours faithfully,
P. MELLOR,
4 Hedgerley Gardens,
Greenford,
Middlesex.

Restricting firearms

From Mr Nicholas Bentley

Sir, According to the report of your Home Affairs Correspondent in today's issue (August 29) apropos of the serious increase in crimes involving the use of shotguns, it is the Government's intention to introduce, at some unspecified date, legislation "to tighten the law on the use of firearms... but one of the difficulties is said to be finding parliamentary time." I find it hard to believe in the authenticity of an excuse so flimsy and ill-considered. For surely it is one of the fundamental duties of Parliament to safeguard the life of the citizen by protecting him or her from the danger of criminal violence.

I do not know what legislative measures may be in the pipeline for discussion during the next parliamentary session, but perhaps the Home Secretary would explain, for the interest of your readers, and no doubt for that of a wider public, which of its forthcoming measures the Government considers to be of more urgent importance than restricting the possibility of murder and grievous bodily harm.

Yours faithfully,
NICHOLAS BENTLEY,
The Old School,
Downhead,
near Shepton Mallet,
Somerset.
August 29.

THE TIMES

BUSINESS NEWS

City's overseas earnings jump by 31pc in year

By Caroline Atkinson

The City increased its contribution to Britain's balance of payments by 31 per cent last year. The net overseas earnings of the City's financial institutions rose from £1,179m in 1976 to a record £1,545m in 1977.

Insurance remains the biggest City money-spinner overseas with Lloyds contributing 46 per cent of the total £606m insurance earnings.

The foreign income of the banking sector showed the fastest growth last year, with gross income now only just short of £1,000m. Earnings on borrowing and lending in overseas currencies rose to £265m.

These figures were published yesterday in the Government's annual "Pink Book", which provides detailed information on the United Kingdom's balance of payments.

Tourism and overseas construction work both increased Britain's earnings power last year. The £1,528m spent by tourists in Britain represented an increase of 29 per cent in real terms since 1974.

The surplus on travel was £520m in 1976, compared with £245m the year before. Visitors from the rest of the EEC—the biggest spenders—increased their spending by 45 per cent to £474m.

The boom in British construction work overseas has led to a near quadrupling in income from this source since 1972. It reached £456m last year.

Consolidated earnings of British companies notched up earnings of £191m, and building contractors made £233m.

The Pink Book showed that overseas governments spend more on their representatives in Britain than is spent by British embassies abroad. The respective totals for 1976 were £265m and £137m.

A new section in the payments figures shows the value to Britain of private overseas investment. Far from being a drain on the balance of payments, the net inflow of private investment overseas has been beneficial to the time of more than £1,000m a year in each of the past four years. This is partly because of the earnings on this investment and partly because of some disinvestment.

It will add fuel to the arguments of those who wish to see a relaxation in exchange controls to ease the present upward pressure on the pound, although the article describing

NET OVERSEAS EARNINGS OF UK FINANCIAL INSTITUTIONS

£m	1975	1976
Insurance	459	606
Banking	204	408
Comm.		
Commodity trading	243	247
Investment and unit trusts, and pension funds	66	72
Brokerage earnings	207	212
TOTAL	1,179	1,545

The new figures explain that the combination of the capital and current account effects of overseas investment mean that it is not possible to show the overall effect of the investment undertaken in any one period.

The balance of payments has also benefited from the recent heavy investment by overseas companies in the North Sea. As earnings from the North Sea operations have not yet begun to earn the outflow from the rest of the foreign investment has still to be left by the balance of payments.

A geographical breakdown of Britain's current account balance between the EEC and the rest of the world is also included in the Pink Book.

This shows a slight reduction in the year in the deficit with the rest of the Community from £2,436m in 1975 to £2,364m last year. This is more than accounted for by a drop in the trade deficit. Britain's payments of about £180m to the EEC funds, and £180m on troop expenditure in West Germany are the main debit items on the invisibles account.

They offset a surplus on sea transport, civil aviation, travel, financial services and interest profits and dividends.

Britain's overseas assets and liabilities are now more than £40,000m. The private sector is estimated to have £15,270m of direct investment overseas. Total private assets abroad were £34,670m at the end of the year, giving a net surplus over private liabilities of £5,255m.

Another 500 Leyland workers have been laid off, which has increased by 150 per cent in the last five years, has resulted in a net overall deficit of £1,590m.

Peachey rejects cash bid of £11.7m

By Ray Maughan

Peachey Property Corporation has received an £11.7m cash bid from Allied London Properties. The offer, worth 55p per share, was announced only a day after Peachey had appointed Mr John Brown, a well-known bid campaigner with Arragon Properties, as managing director.

Dismissing the terms as "totally inadequate", Lord Mait Peachey's chairman said yesterday that the proposed revaluation of all the group's properties had been rushed forward and he hoped it would be completed in about 10 days.

A sample valuation of the portfolio in the 1976 accounts indicated assets of more than 70p per share but, as yields and interest rates have subsequently fallen, many outside estimates of Peachey's up to date backing now starts at around 100p. The shares ran ahead of Allied's terms with a 14p rise to 65p.

Lord Mait stated: "I would not dream at this stage of saying what the valuation figure will be, but an offer of 55p per share is absurd." He also revealed that "according to the letter I have had from Allied (Peachey's former chairman) has already sold his shareholdings to Allied London."

Mr Maurice Leigh, Allied London chairman, refused to confirm or deny this transaction but it is understood that Sir Eric, who was ousted from Peachey main board last May, held his entire holding at 50p per share. Together with the shares already acquired in the market, Allied London now controls 632 per cent of

Mr Leigh explained that the bid had been launched in the interests of Peachey shareholders and that, because they have had no dividend, he was offering them "cash for reinvestment." As to the advantages for Allied London, he said that Peachey "has a portfolio which we can handle and manage and do similar work with our own company."

At 71p, Allied London is capitalized at just over £5m although the group is thought to have realized a surplus of over that amount on the sale of the Houslow Centre development last year, which is now on deposit.

The chairman stressed that Allied London had "adequate facilities" with which to complete the cash offer. At the same time, the bid is conditional upon Allied London's shareholders approving the deal at an extraordinary general meeting.

The bid will also be withdrawn if there has been a "material adverse change in Peachey's financial position since June 24, 1976."

Monthly bank figures show growth of money supply is inside target

By John Whitmore

Banking Correspondent

Money supply growth in the banking month to mid-August seems likely to have been within government targets despite a 1.6 per cent rise in the banking system's eligible liabilities (essentially, its sterling deposits).

In the four weeks to August 31, eligible liabilities increased by £68.5m to £37.69m. But the rise in Sterling M3, the broad-based definition of the money supply, will probably turn out to be rather less than this when figures are released next Thursday.

This is because the Sterling M3 figure will be seasonally adjusted—the August adjustment will be slightly downwards—and because they exclude any increase in non-residents' sterling deposits, an eligible liability component that has probably continued to increase as more overseas money travelled into the country.

Figures released by the London clearing banks today, however, provide rather less general guidance to developments in the banking sector over the latest month than on some occasions. The whole of the increase in the banking system's eligible liabilities over the month was attributable to the non-clearers.

While some of this additional money may have been raised to step up lending competition with the clearing banks to hold base rates at 8 per cent, a good deal also appears simply to have been lent to the discount market, up £50m (11 per cent); electrical engineering, up £70m (18.7 per cent); and textiles,

The London clearers do, however, report a maintained underlying increase in their private sector lending, estimated at around £150m a month. Recent lending has been going primarily to the agricultural and personal sectors, and only to a lesser extent to manufacturing industry.

For the three months to mid-August the London clearers put the underlying increase in advances to the private sector at £450m. On a seasonally unadjusted basis this comes out at £330m, an increase of 5 per cent.

Within this total, advances to agriculture, fishing and forestry rose by £134m (15 per cent), and advances to the personal sector by £182m (8.2 per cent). Other increases include: food, drink and tobacco industries, up £50m (11 per cent); electrical engineering, up £70m (18.7 per cent); and textiles,

BANK FIGURES

The following are the figures for eligible liabilities and reserve assets ratios of United Kingdom Banks released by the Bank of England today:

At mid-month	Eligible liabilities £m	Rise over 3 months at annual rate %	Reserve assets ratio
1976			
April	33,909	10.6	15.6
May	33,740	6.6	15.2
June	34,026	11.8	15.2
July	34,989	13.3	14.2
Aug	35,183	15.2	15.1
Sept	36,785	22.4	15.4
Oct	36,822	19.9	14.4
Nov	37,260	25.6	13.9
Dec	36,879	12.8	13.8
1977			
Jan	36,147	-5.1	14.4
Feb	34,834	-23.7	13.8
March	34,977	-18.1	13.9
April	35,843	-3.3	14.2
May	36,824	+11.9	14.0
June	36,276	+15.7	14.0
July	37,087	+14.6	14.0
Aug	37,691	+22.5	14.5

leather and clothing industries, up £60m (18.6 per cent). Lending to property companies continued to fall.

Financial Editor, page 19

Pubs change hands in £11m swaps by brewers

Three of Britain's major brewers yesterday arranged their biggest ever exchange of public houses on the lines of increased competition urged by the Monopolies and Mergers Commission report of 1969.

A total of 437 houses—less than 1 per cent of such outlets in the United Kingdom—are to be exchanged among Allied Breweries, Bass, Charrington and Courage, the Imperial group subsidiary starting next January. The establishments represent a combined trading and bricks and mortar value of about £11m. No cash adjustment is involved.

All three brewers were at pains to deny that the deal had been hastened by talks taking place with Mr Hattersley, Secretary of State for Prices and Consumer Protection, on how to correct problems in the industry highlighted by a report in July by the Price Commission.

The commission questioned whether the high concentration of beer sales, and the system under which brewers own the retail outlets, was in the public interest.

Whether this move to increase competition will go very far to satisfying Mr Hattersley remains open to doubt.

The Campaign for Real Ale (Cama) is preparing a survey, to be sent soon to the Office of Fair Trading, that identifies the counties of Gloucestershire, Northamptonshire and North Wales as areas of heavy concentration of single brewery ownership, essentially untouched by the swap. The brewers involved are Whitbread, and Watneys, the Grand Metropolitan subsidiary.

Mr Tim Andersen, a member of Cama's monopolies committees, said last night that while giving a "very cautious, very qualified welcome" to the swap, their belief was the consumer would benefit more if tied houses were allowed to dispense at least one draught beer from other brewers.

Cama cites areas such as Nottingham and Manchester, where three or more brewers are in competition, as being suitable for change of ownership. No claims were made yesterday that the competition created by the swap would significantly reduce prices over the bar.

Five areas, in which one or other of the breweries have concentrated their output, arising historically because of takeovers, are mostly involved in the swap, although there is some tidying up in the remainder of the country.

Two areas particularly criticized by the Monopolies Commission—the West Midlands, where Allied and Bass hold sway, and Bristol, which is a Courage territory—involve a major swap. Courage is losing 73 pubs in the Bristol area, while Bass gains 85 in the West Midlands.

Allied and Bass gain in the upper Thames valley, Allied's stake in the Chilterns is diluted by 43 and in the Liverpool area Courage gains 20 houses at Allied's expense.

About half the outlets are managed and half tenanted and the various trade associations and trade unions involved are being consulted, although there are said to be only minor differences in the three brewers' agreements with tenants and managers.

In a joint statement the breweries said the main objective in the exchange was to improve the trading opportunities for each company and at the same time widen the choice for the consumer.

Courage was involved in two previous swaps, in 1970 it won Trumans and nearly 100 houses and a year later with Watneys, some 150 establishments.

Derek Harris

BOC International seeking £40m with rights issue

By Our Financial Staff

BOC International is raising £40m through a rights issue which will be the biggest since GKN's £66.8m offering in April and the second biggest issue this year. It brings the total raised so far since January 1 to £550m.

The issue will be BOC's second in just over two years, following a £22.8m rights in June 1975, and is accompanied by a forecast for the year to the end of September of profits in excess of £82m compared to £73.6m last year.

Nine month profits of £60.4m for the group have already been reported, and its full year forecast implies that a final dividend will exceed the profit of £21.4m made in the fourth quarter of 1976/77. But the forecast appears to bear out the evidence of the earlier figures that BOC's growth momentum

has been slowing appreciably as the year has progressed.

BOC intends to pay a final dividend which will bring the total dividend to 4.75p gross a share, an increase of 10 per cent over the previous year.

The issue is on the basis of one new share for every four already held at a price of 64p. This represents a discount of 22 per cent on the overnight price of £21, although news of the rights brought a 15p fall in the shares, which closed last night at 81p.

The issue was underwritten by Lazard Bros and the broker to the issue was W. Greenwell. FOC disappointed its 15th month profit figures from BOC's division, which had been expected to be £21.4m.

The interim dividend was left unchanged at 2.25p net, meaning a slight reduction in the gross equivalent of 3.41p, although the board has made no forecast of its intentions for the full year.

Financial Editor, page 19

\$60,000m American deficit budget on way

From Frank Vogt

US Economics Correspondent

Washington, Sept 6

Final budget details will be approved in the next few days by the United States Congress for the fiscal year starting October 1.

Congress is due to improve a budget deficit of \$111 billion to an estimated deficit of between \$58,600m (£33,680m) and \$64,000m.

The huge deficit should provide considerable stimulus to an economy that is now quite evidently slowing down. The deficit will be roughly \$15,000m more than the deficit for present fiscal year.

Adoption of a final 1978 fiscal budget resolution will be the first item of business tomorrow before the House of Representatives when it reconvenes after the summer recess. The House Budget Committee is submitting proposals to the full House calling for total expenditures of \$458,503m, with estimated revenues at \$399,900m, which will indicate a deficit of \$58,603m.

Possession of both House and Senate will confer on Friday and decide on a compromise budget resolution. The Senate is about to approve budget figures that call for total spending of \$459,000m, with revenues of \$395,000m. This would indicate a deficit of \$64,000m.

The budget that will be approved by the Congress is likely to carry a deficit of about \$60,000m, compared with President Carter's proposed budget, as revised on July 1, which signalled public spending of \$462,882m, with revenues estimated at \$401,400m.

The new budget will contain record spending levels on defence, but the final total is likely to be higher than the \$111 billion proposed by the President. It seems likely now that the Congress will approve defence outlays of \$110,125m.

A set of large public works programmes will be included in the new budget. These figure prominently in the government volume of expenditure for education, training, employment and social services. President Carter has called for spending totaling \$26,900m in these areas and Congress will approve a volume that is fairly close to this amount.

Spending levels are so high, as is the estimated deficit, that the Carter Administration will find it extremely difficult to complete a budget programme in the next few months resulting in only a most modest deficit in the 1979 fiscal year.

This budget will be presented by President Carter to the Congress next January and must entail some spending cuts to comply with the government's defence and social welfare programmes if the President is to achieve his goal of a balanced budget by the 1980 fiscal year.

Latest figures from the Office of Management and Budget suggest that total government expenditures in the year now ending amounted to \$404,000m, amounting to a deficit of \$46,000m.

In a recent speech Mr Bert Lance, the budget director, said that the Administration would aim in its 1979 fiscal budget for a spending increase limited to about 2 per cent in real terms, lower in non-inflation dollars than all but seven of the preceding 17 years.

US proposes 60pc tariff cut

Tokyo, Sept 6—A uniform

60 per cent cut in tariffs has been proposed by the United States in discussions with Japan on accelerating the Tokyo round of trade and tariff negotiations, Japanese foreign ministry sources said.

The sources added that Japan had called for larger reductions in higher tariffs and smaller cuts in lower tariffs. The discussions would continue tomorrow, touching on tariffs on agricultural products, non-tariff measures and amendments of emergency import restrictions safeguards, they said.

According to these sources Mr Alan Wolff, President Carter's deputy trade representative for trade negotiations, was likely to raise the question of Japan's trade surplus.

This amounted to \$5,500m last year and an estimated \$3,030m in the first half of 1977.—Reuter.

outlook, based on a survey in mid-August, showed a business conditions deteriorating.

They said it was the reason why the bank decided to cut discount rate by three-quarters of a percentage point to 4.25 per cent, effective yesterday.

Tokyo expansion measures passed

Tokyo, Sept 6—The Japanese

Cabinet formally approved a series of expansionary measures, including about two trillion yen (about £4,300m) of fiscal expenditures.

Meanwhile the Bank of Japan's short-term economic

outlook, based on a survey in mid-August, showed a business conditions deteriorating.

They said it was the reason why the bank decided to cut discount rate by three-quarters of a percentage point to 4.25 per cent, effective yesterday.

BP-chartered tanker seized in Australia

Perth Sept 6—The 80,000-ton

Greek oil tanker, "Colocotronis", was seized by the Australian coast guard today as it entered Fremantle harbour today as a result of legal action by three company directors in the West Australian Supreme Court.

The seizure of the tanker, under charter by British Petroleum Trading, of London, for transport of crude oil to British Petroleum (Australia), was claimed by Stephanos Pateras, Haralambos Vellis and Michos Vellis of Greece.

Their writ, issued by the West Australian court under Admiralty jurisdiction, is directed at any others interested in the ship in Fremantle harbour. They must reply in the Supreme Court within 10 days of service of the writ.

Pateras, Michos and Vellis claim that as directors of Nevegas Universal SA, a company incorporated under the laws of Panama and sole owner of the ship they are entitled to possession.

After the ship's seizure, British Petroleum obtained a court order, consented to by the plaintiffs, for it to be moved to BP's jetty at Kwinana to unload oil.—AP—Dow Jones.

Talks fail to settle Batchelors pea strike

By Ronald Kershaw

Northern Industrial Correspondent

Some 40 hours of talks between the Transport and General Workers' Union, and Batchelors Foods, the Unilever subsidiary, have still failed to find a solution to end the strike

of 1,200 employees, at the company's two factories at Sheffield and Worksop.

The strike, now in its ninth week, has cost the company more than £5m in lost supply of its Surprise Quick Dried Peas. Retail shop shelves towards the end of the year. It is also expected that the company's dried

bean harvest worth about £500,000 will be completely lost. The dispute is over pay demands which the company maintains will cut across government and TUC pay guidelines. The company has rejected suggestions that the dispute should go to the Advisory Conciliation and Arbitration Service.

Assurance of more jobs at Linwood

Several hundred jobs will be created before the end of the year by the Chrysler car plant at Linwood, Renfrewshire, Mr Millan, Secretary of State for Scotland, said yesterday.

After visiting the factory, Mr Millan said that if the new Chrysler car plant, the Sunbeam, was successfully launched on October 18, with production at the record level, the workforce of 8,000 at Linwood would be increased by the end of the year. There was no reason why it should not go up still further at a later stage.

The good facilities and work force at Linwood were an absolute vindication of the government's decision to invest in Chrysler, the Secretary of State said. The plant, which is manufacturing director at Linwood, said he expected another 400 employees to be taken on by the end of October and a further 100 by the end of the year.

This would depend on production quality and European sales.

More than 16,000 laid off at Leyland plants

The progressive rundown of Leyland's car manufacturing operations continued yesterday as a result of the Leyland toolroom workers' strike.

Workers now idle in Leyland plants as a direct result of the strike total more than 16,000 and well over half of the car group's assembly lines are at a standstill.

The toolroom men's stoppage has also made 11,000 other Lucas workers idle.

A Leyland spokesman said last night: "This is a process that can only continue as long as supplies of components are stopped and a number of other assembly lines, although they are still operating at the moment, are becoming highly vulnerable."

Before the end of this week another major effect could be at Leyland's huge complex at Birmingham where production of the Mini and Allegro models is threatened.

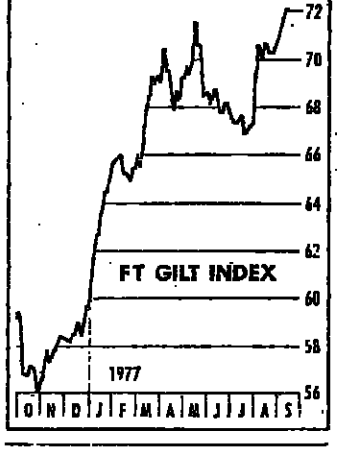
Another 500 Leyland workers had to be laid off yesterday from the Jaguar car assembly plant at Coventry, bringing the total stoppage to 2,500. This shutdown, which has now halted all car production, re-

sults from separate problems over component supplies involving two other companies, Desoutter and A.C. Delco.

Jaguar engines and transmissions factory a strike by 1,300 workers over demands for a £20 a week pay increase is collapsing. A management spokesman said yesterday that more than 60 per cent of the labour force had turned up for work in defiance of a ruling by shop stewards that the strike should go on. The spokesman said: "Production has been resumed in a number of areas."

Car park jam: At its big car assembly plant at Halewood on Merseyside, Ford is having to stockpile Escort cars and vans without headlights because of shortages caused by the Lucas dispute. By yesterday about 1,700 vehicles were in store in security compounds.

A spokesman said: "No lay offs are contemplated at the moment. We are getting extremely good production figures and we are meeting most of our overseas orders. The vehicles in store would normally be for outlets in this country."



BP-chartered tanker seized in Australia

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After the ship's seizure, British Petroleum obtained a court order, consented to by the plaintiffs, for it to be moved to BP's jetty at Kwinana to unload oil.—AP—Dow Jones.

How the markets moved

Rises	Falls
Alfred H. & Sons 20p to 490p	Ayer Effingham 75p to 275p
Bk of NSW 15p to 410p	Delta Inv 12p to 88p
Rowland Shipley 25p to 185p	
Dawley 15p to 225p	
Decca 30p to 470p	
De La Rue 18p to 580p	
Roberts Life 25p to 20p	
Billards 15p to 220p	
Lithuan 14p to 345p	
Lasmo Opt 17p to 387p	
Longway Trans 7p to 73p	
Manitowoc 5p to 35p	
	Mothcare 5p to 185p
	Redfern Nat 10p to 225p

Equities were further ahead. Gilt-edged securities were in demand. Dollar premium: 89 per cent (effective rate 59.561 per cent). Sterling closed at 1.7413. The effective exchange rate index was unchanged at 62.3.

On other pages</

LETTERS TO THE EDITOR

Clumsy inflation accounting proposals

**CORPORATION OF
KING'S COLLEGE
LONDON**

This is to give notice that an
EXTRAORDINARY GENERAL
COURT will be held at the Council
Room, Monday 24th September 1977 at
4.30 p.m. in the Council Room.

F. P. SILW
Secretary

NOTICE

All advertisements are subject to
the conditions of acceptance of
Times Newspapers Limited,
copies of which are available
on request.

NOTICE OF REDEMPTION

To the Holders of

Esso Overseas Finance N.V.

9% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of September 15, 1970 providing for the above Debentures, said Debentures aggregating \$2,000,000 principal amount have been selected for redemption on September 15, 1977, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date. Of the amount to be redeemed \$1,000,000 represents satisfaction of the mandatory Sinking Fund requirement and \$1,000,000 represents election by the Company to make an optional additional Sinking Fund payment. The serial numbers of the Debentures selected for redemption are as follows:

DEBENTURES OF \$1,000 EACH

M 1	1234	2456	3678	4890	6012	7234	8456	9678	10890	12102	13314	14526	15738	16950	18162	19374	20586	21798	23010	24222	25434	26646	27858	29070	30282	31494	32706	33918	35130	36342	37554	38766	39978	41190	42402	43614	44826	46038	47250	48462	49674	50886	52098	53310	54522	55734	56946	58158	59370	60582	61794	63006	64218	65430	66642	67854	69066	70278	71490	72702	73914	75126	76338	77550	78762	79974	81186	82398	83610	84822	86034	87246	88458	89670	90882	92094	93306	94518	95730	96942	98154	99366	100578	101790	103002	104214	105426	106638	107850	109062	110274	111486	112698	113910	115122	116334	117546	118758	119970	121182	122394	123606	124818	126030	127242	128454	129666	130878	132090	133302	134514	135726	136938	138150	139362	140574	141786	143000	144212	145424	146636	147848	149060	150272	151484	152696	153908	155120	156332	157544	158756	159968	161180	162392	163604	164816	166028	167240	168452	169664	170876	172088	173300	174512	175724	176936	178148	179360	180572	181784	182996	184208	185420	186632	187844	189056	190268	191480	192692	193904	195116	196328	197540	198752	200000
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Payment will be made upon presentation and surrender of the above Debentures with coupons due September 15, 1978 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Banca Vitorre & C. S.p.A. in Milan and Rome; Bank Mees & Hope N.V. in Amsterdam; and Kredietbank S.A. Luxembourg. Coupons due September 15, 1977 should be detached and collected in the usual manner.

On and after September 15, 1977 interest shall cease to accrue on the Debentures selected for redemption.

ESSO OVERSEAS FINANCE N.V.

Dated: August 10, 1977

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M 438	4094	4705	5321	6116	6388	6549	6602	8665	11880	14509	16031	17879	17748	18649	19538
1695	4298	4384	5402	6120	6464	6550	6576	9175	11862	14510	16800	17597	18488	18851	19540
3024	4423	5037	5405	6147	6479	6581	7111	9176	12625	15169	17575	17593	18629	19490	
3572	4485	5193	6115	6284	6481	6594	7866	11804	12912	16019	17577	17624	18646	19529	

Strong gains in gilts

§ Forward bargains are permitted on two previous days.

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1977	214.33	196.77
1978	171.85	160.46
1979	176.62	161.62
1980	136.15	128.19

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